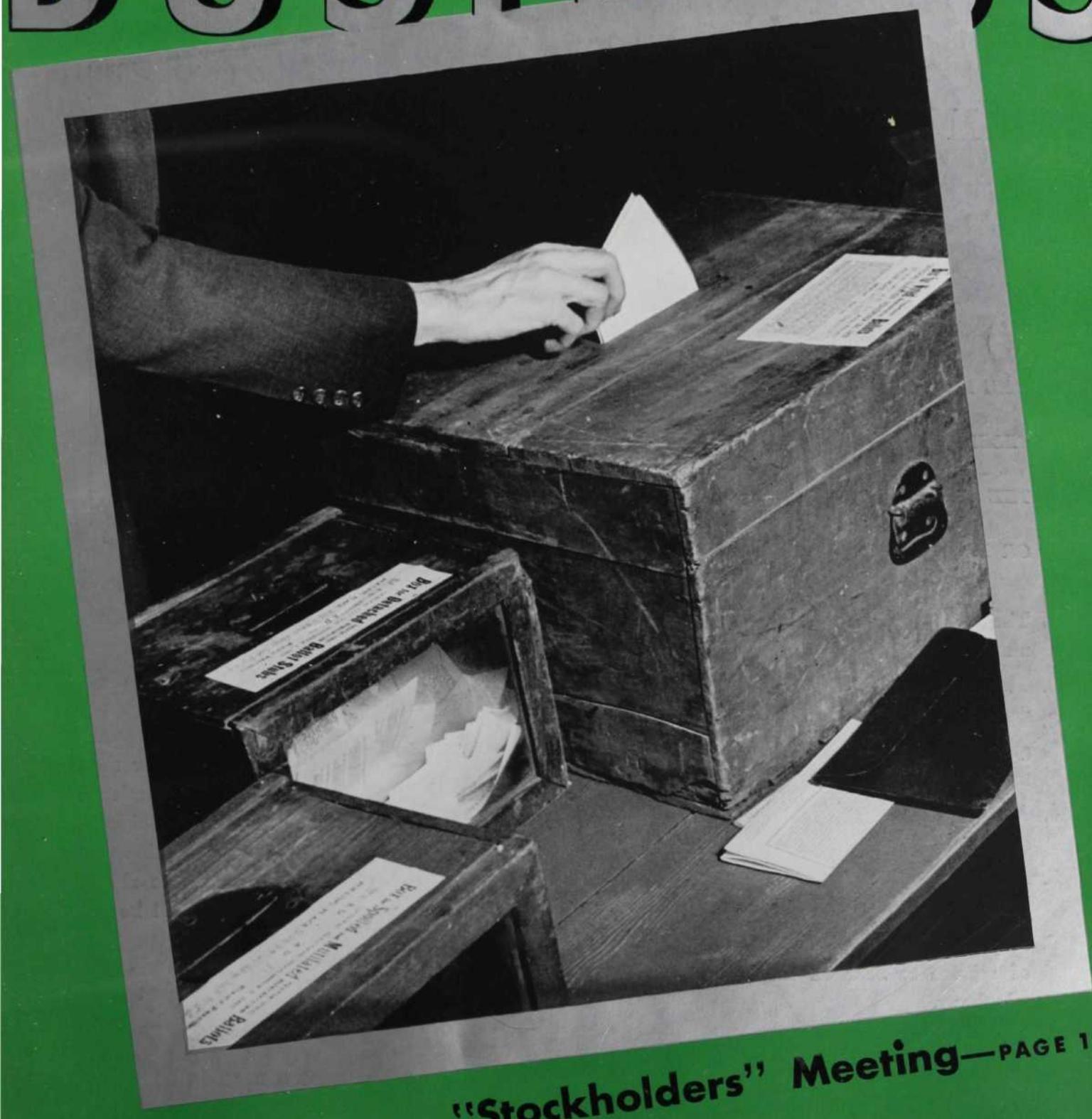


NATION'S BUSINESS



"Stockholders" Meeting—^{PAGE 11}

November • 1940

OUR PART IN NATIONAL DEFENSE

*THE BELL SYSTEM IS A NATION-WIDE
TELEPHONE SYSTEM — READY TO SERVE
THE UNITED STATES IN NORMAL TIMES
OR EMERGENCY. IT HAS . . .*

1. The trained forces to operate telephone equipment and plant.
2. The trained staffs to direct these operations.
3. The latest motorized, mechanized telephone groups of great mobility which can concentrate anywhere quickly.
4. A dependable service of supply that reaches anywhere in the United States.
5. A source of supply—the Western Electric Company, devoted to telephone manufacture.
6. A great laboratory that brings the advance of science to bear on the improvement of telephony.



Walter S. Gifford, President, American Telephone and Telegraph Company

7. The financial strength to keep going and work ahead for the future.

Each is important. All are necessary for good telephone service from day to day and for the needs of national defense. It is the organization, the team-work, that counts. That means trained, experienced men and management, working together and planning ahead, so that the right material and the right "know how" will be at the right place at the right time.

Walter S. Gifford

THE BELL SYSTEM IS READY TO DO ITS PART IN THE NATION'S PROGRAM OF NATIONAL DEFENSE





Riding High IN ALL BUT PRICE!

Coming or going, it's Class! And this Big Beauty has a New *Fashion-Tone* Interior—New Driving Ease of Powermatic Shifting—New 4-Way Step-Up in Performance! In all, 19 Great Advancements!

IT'S HARD to believe that low price I buys such a carful of beauty, charm and luxury as you see in this big, 117" wheelbase Plymouth!

Inside, it's a *luxury* car—with an exquisite new *Fashion-Tone* Interior—a miracle of color, fabric and appointments.

This Plymouth gives you a *four-way step-up in performance!* Increased horsepower, increased

torque, new transmission, new axle ratio. And you get a new Oil Bath Air Cleaner...new High-Duty Engine Bearings...new Body Sealing against dust, water, noise!

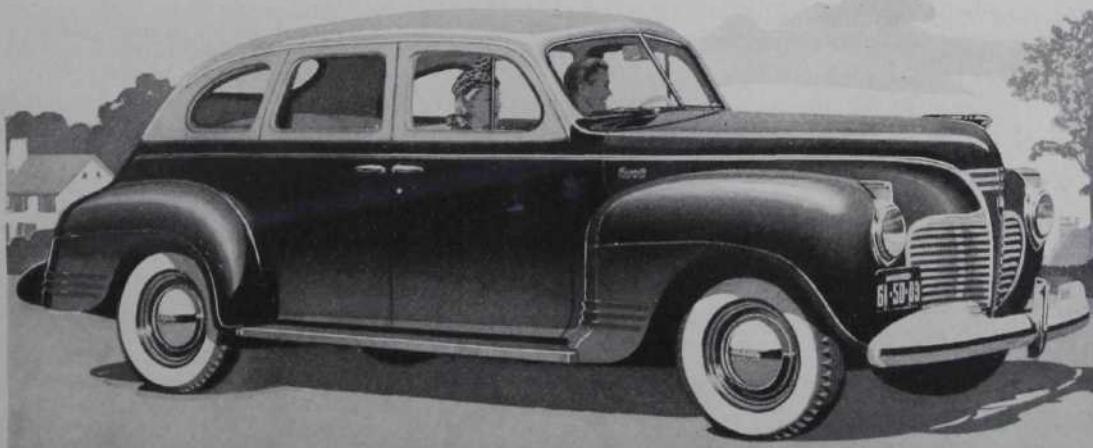
Plymouth's the "One" for '41...so get in touch with your nearby Plymouth dealer. PLYMOUTH DIVISION OF CHRYSLER CORPORATION.

Major Bowes, C.B.S., Thurs., 9-10 p.m., E.S.T.

See the New Plymouth Commercial Cars!



POWERMATIC SHIFTING—Vast reductions in driving effort—and, with Plymouth's new transmission, you'll enjoy actual elimination of certain of the usual shifting motions in normal driving.



NEW VALUE YOU'LL ENJOY

COUNTERBALANCED TRUNK LID—goes up or down at a touch.

NEW SAFETY RIMS on wheels to prevent "throwing" of the tire in case of a blowout.

FRONT COIL SPRINGS, 6-inch tires, spring covers, on all models!

Conspiracy IN YOUR PLANT?



FAIRBANKS-MORSE TURBINE PUMPS

Complete range of capacities (35 g.p.m. to 4000 g.p.m.) for electric motor, Diesel or gasoline engine, or steam turbine drive. Open or closed impellers, oil or water lubrication. Today's 6" F-M Turbine is 23% more efficient than the same size was in 1927; today's 10" turbine is 21% more efficient than the 10" pump was in 1927!

YES, a conspiracy between a pump and the power meter!

A conspiracy that can—and DOES—go on unnoticed year after year in hundreds of plants where old pumps are imposing a 10% "penalty tax" on the operating budget? That is happening in your plant—if your pumps are old. Due to improved methods, improved materials, and improved design, today's Fairbanks-Morse Pumps are at least 10% more efficient than the same types were ten years ago. Thus, if your old pump is as good as new (it probably isn't), it is costing you at least 10% more to operate it than it would cost to operate a new one. *10% is a good return on any kind of investment!*

It won't cost you anything to find out how much new pumps would save you. Write Fairbanks, Morse & Co., Dept. 120, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.

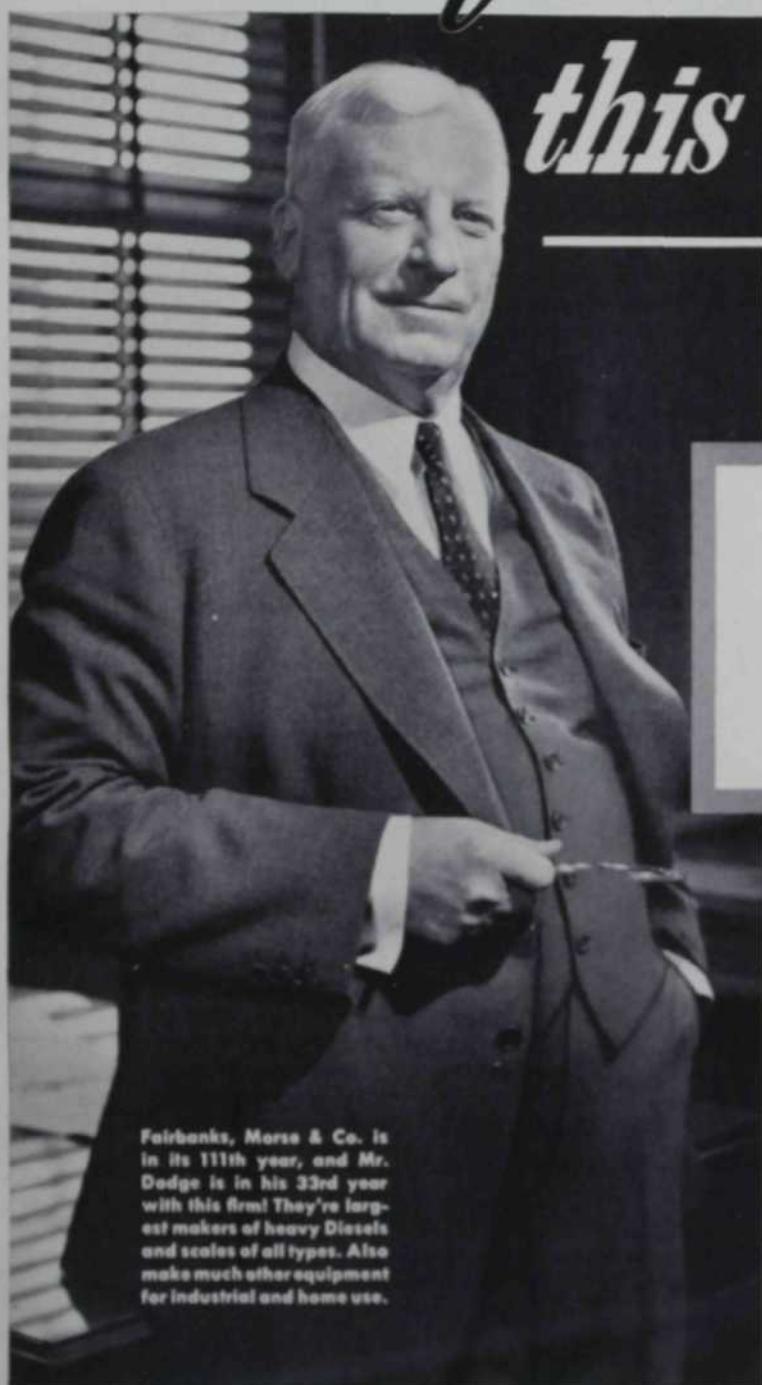
7B17-PA40.70

FAIRBANKS-MORSE PUMPS



DIESEL ENGINES ELECTRICAL MACHINERY RAILROAD EQUIPMENT WASHERS-IRONERS STOKERS
MOTORS FAIRBANKS SCALES WATER SYSTEMS FARM EQUIPMENT AIR CONDITIONERS

"I've Travelled Half a Million Miles this Way!"



Fairbanks, Morse & Co. is in its 111th year, and Mr. Dodge is in his 33rd year with this firm! They're largest makers of heavy Diesels and scales of all types. Also make much other equipment for industrial and home use.

Vice-President in charge of Sales,
Fairbanks, Morse & Co.

The diversified contacts of Fairbanks-Morse with industry necessitate much travelling by its executives. Mr. Dodge says: "Several times each year I make a trip covering our important branches and factories...spending two or three days at each point, crowded with conferences and pressing details. Thanks to the restfulness of Pullman travel, I reach home as fit as when I left. *I estimate I've travelled over half a million miles by Pullman.*"

EXECUTIVES who recognize the importance of dependable schedules in any kind of weather and "clublike" comfort while travelling prefer to go the Pullman way.

They realize that no other transportation offers such a combination of advantages: plenty of space to relax, a thoroughly comfortable bed in which to sleep, attentive service, room for all your luggage (including 150 lbs. free in the baggage car), freedom from unwanted intrusions on privacy.

And Pullman service takes you practically anywhere! In safety and on time for your appointments.

If you have work to do—do it on Pullman! Pullman's private rooms are perfectly adapted for conferences...with the advantage that you won't be interrupted.

Another very popular Pullman accommodation with business men is the Single Occupancy Section, giving exclusive use of both seats by day and extra space normally made into an upper berth at night. The cost is only slightly more than a lower berth.

To be truly efficient go by Pullman.

Pullman ... a lower on
an average overnight **\$265**
300-mile trip costs only

(besides accompanying first class rail fare)

Another HOME DEFENSE Program



Sealtest Laboratory Supervision of Milk and Ice Cream is helping to Safeguard the Nation's Health

Scores of Sealtest Laboratories are spread over America...staffed by dairy scientists, chemists and skilled laboratory workers.

In dairy and ice cream plants Sealtest "Men in White" are testing, checking and supervising milk and ice cream which bear the red-and-white Sealtest Symbol.

Sealtest Zone Laboratories supervise the work of plant laboratories. Zone Labora-

tories in turn are directed by the Sealtest Master Laboratory.

So—when you buy Sealtest Milk or Ice Cream the pooled experience of the Sealtest Laboratory System stands behind its quality and purity.

Give your family this added *security*. Look for the red-and-white Sealtest Symbol when you buy dairy products.

Sealtest, Inc. and its member-companies are subsidiaries of National Dairy Products Corporation

Copyright, 1940, Sealtest, Inc.

Shake Hands with Our Contributors

IF PRODUCTION of defense equipment is to be maintained at full capacity there must be complete cooperation on the part of labor as well as management and Government. No one doubts that labor recognizes the need for unity, but it is also obvious that a certain amount of disunity exists at present. Because their labor relations are of utmost importance to all employers, NATION'S BUSINESS takes this opportunity to point out the current situation as it appears to an authority who has spent a lifetime in studying and counseling on labor affairs.

The author of "Labor Weighs Its Patriotism" is **Chester M. Wright**, a Washington commentator on labor affairs, a former associate of Samuel Gompers and an intimate of both C.I.O. and A. F. of L. leaders.

Clifford B. Reeves, a New York financial writer who usually contributes "Man to Man in the Money Markets," has prepared a special article on private placement of security issues which he believes is one of the most important and vexing problems in the field of finance today. Congressional hearings will probably be held on this subject in Washington within the next two or three months.

Willard K. Smith is editor of *News & Opinion*, published by the Building Trades Employers Association of New York City. During the past several years he has made a special study of the labor situation in Germany and submits this report of his investigation to NATION'S BUSINESS readers.

Guy E. Trulock of Chicago is a public relations man in the employ of a public utility who says he spent 13 years attending conventions and dinners and gradually changed his post from a front row seat to a position behind the pillar in the rear of the hall where he could draw pictures. He formerly taught public speaking at Park College, Missouri.

Col. Charles P. Wood of Lockwood-Green Engineers, Inc., is a veteran specialist in the field of industrial development and one of the founders of the American Industrial Development Council.

Milton W. Jiler is managing editor of the Commodity Research Bureau in New York City.

Marshall Beuick is a free-lance writer of New York. James H. Moseley, chairman of the Committee of 100, which accomplished unusual results in bringing about municipal reform, was named the outstanding citizen of Yonkers for 1939 by representatives of that city's various professional and business clubs.

Contents for November 1940

	PAGE
Labor Weighs Its Patriotism	15
By CHESTER M. WRIGHT	
Slamming the Door on the Small Investor	17
By CLIFFORD B. REEVES	
Is Germany's "Secret Weapon" Work?	20
By WILLARD K. SMITH	
A Convention Delegate Takes the Floor	23
By GUY E. TRULOCK	
Strategy for Defense is to Decentralize	27
By COL. CHARLES P. WOOD	
The Corporations Nobody Knows	30
By HERBERT COREY	
Cutting the Doctor's Bill to Fit	44
By FRED DEARMOND	
Wall Street's Grocery Stores	53
By MILTON W. JILER	
Machine Cut Costs	59
One Hundred Men and a City	66
By MARSHALL BEUICK	
 The Regular Features . . .	
<i>Through the Editor's Specs</i>	7
<i>Trojan Horse, American Model</i>	By MERLE THORPE 13
<i>No Business Can Escape Change</i>	26
<i>The Map of the Nation's Business</i>	By FRANK GREENE 35
<i>Washington and Your Business</i>	By HERBERT COREY 36
<i>Leaders in the March of Business</i>	50
<i>Heard in the Market Place</i>	58

NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.
VOLUME 28 **Merle Thorpe, Editor & Publisher** NUMBER 11

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, LAWRENCE F. HURLEY; Director of Advertising, ORSON ANGELL.

GENERAL OFFICE—Washington, U. S. Chamber Building. **BRANCH OFFICES**—*New York*, Graybar Bldg.; *San Francisco*, 333 Pine Street; *Dallas*, 1101 Commerce St.; *Chicago*, First National Bank Building; *Atlanta*, Chamber of Commerce Building; *Canadian representative*, 530 Board of Trade Building, *Montreal*, Quebec. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

THE ECONOMY TRUCKS

FORD

Big jobs are in the making for 1941. They're jobs that have got to be done fast, efficiently, economically. Here are the 1941 Ford Trucks that are built to meet these present-day dimensions for dollar-saving dependability.

They "have everything." Choice of power. Range of wheelbases. Wide range of body and chassis types. And the kind of economy that really counts — *over-all* economy.

The 95-hp Ford V-8 engine has an extra margin of horsepower not offered in any other low-price truck, and sells at several hundred dollars less than any other truck with equal horsepower rating. The 95-hp engine is teamed up with the famous Ford 85-hp engine that has proved its dependability and economy in billions of miles of payload performance.

There's new styling and there are many new

improvements and refinements. Above all, there is the down-to-earth quality and economy that have made Ford V-8 a symbol of dollar-saving performance in nearly every kind of hauling and delivery work.

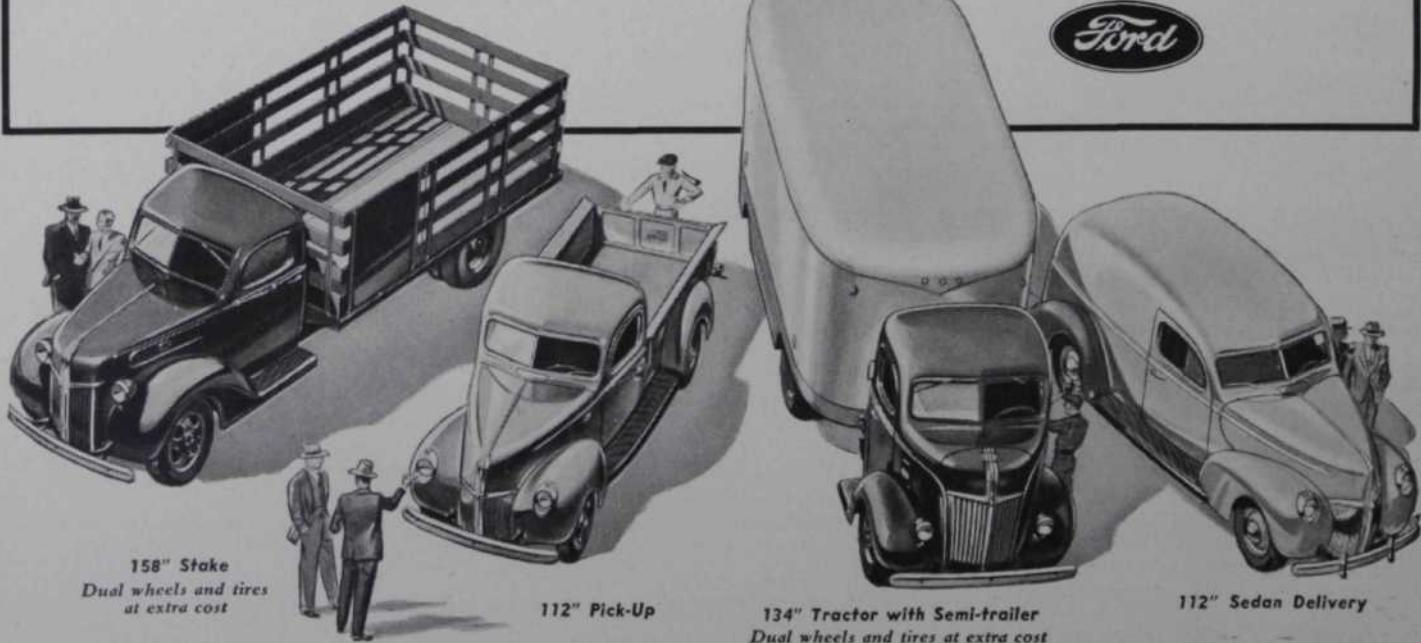
See the Ford V-8 Truck at your Ford dealer's. Put one to work on your job and test it your own way. Prove to yourself that this is the unit to do your job, in less time, at lower cost.

1941 FORD FEATURES

Two V-8 engines — 95 and 85 hp ★ New 4-cylinder 30-hp engine for maximum economy in Commercial Cars, $\frac{3}{4}$ and One-Ton Trucks ★ Six wheelbases — 42 body and chassis types ★ Full-floating rear axles in all trucks — ring gear thrust plate ★ $\frac{3}{4}$ -floating axle in Commercial Cars ★ Straddle-mounted driving pinion ★ Big hydraulic brakes ★ Two-speed axle as well as reinforced frame in trucks for heavy-duty service are optional at extra cost.

Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses

FOR '41 PUT A FORD TO WORK!



THE ball is snapped . . . the backfield forms a human wall of protection as one man fades back with the ball. An "End" is clear . . . running full tilt through the opposing team. Head up, arms outstretched, knees churning high! Toward him the ball comes sailing through the air . . . fast . . . true. It must arrive on time!

In football, such plays are completed only through absolute teamwork. In railroading teamwork is just as necessary! Passengers must, with confidence, plan trips, keep appointments . . . arrive on time!

On your next trip let the Norfolk and Western Railway serve you. Enjoy the safe, comfortable, ultramodern equipment and . . . arrive on time!

NORFOLK and WESTERN
Railway

Through the EDITOR'S SPECS

Travail of a democracy

JUST as we were mentally castigating the hoodlum who threw a tomato at a candidate for president, and extenuating his action on the ground that perhaps his lack of education had closed his mind to reason, a letter was dropped on our desk. It was from a superintendent of schools in South Carolina.

It read, in effect:

I believe there is very little interest in the presidential campaign this year since so much interest seems to center around the European conflict.

Please cancel my subscription. I feel you are pro-Willkie and since the Gallup poll shows Mr. Roosevelt has the electoral votes of 38 states, I don't want to read your paper.

Perhaps the hoodlum in Detroit did go to school after all.

Behold, the New Liberalism!

BOOKS and pamphlets by angry intellectuals who want to fight continue to pour from the presses. One of the latest, and typical, is "Faith for Living," by Lewis Mumford.

Author Mumford has worked himself into a lather over the war in Europe.

Like most sophisticates he thinks that business and the profit system are somehow at fault for this and all other woes of the world. Business men are "poltroons."

"This is a world in which business men become gangsters and gangsters become business men without changing a single essential habit in their lives."

Many pages are devoted to skinning what Mumford calls the "pragmatic liberalism" of Americans. As nearly as we are able to perceive through the Mumford vapors, a "pragmatic liberal" is an old-fashioned duffer who thinks that liberalism has something to do with freedom of action for the individual. That's all very passé to the author of "Faith for Living."

He wants to substitute an "ideal liberalism" in which "the totalitarian element will be inescapable." His translation of an "ideal liberalism"

would be to keep all pro-Fascist speakers off the air. He thinks American democracy must be more "ruthless."

History conveniently forgot

MR. MUMFORD has read a lot of history but he seems to have forgotten most of it. To him, those who do not know that "A thousand years separate 1940 from 1930" are hopeless ignoramuses. But those whose pulse rate is anything below 120 know that historical perspective contradicts his hysterical effervescence.

With brief interludes of peace, Europe has been a battlefield all the way back to the dawn of history. It has continually had its Huns and its Nazis, its Caesars, Attilas, Napoleons and Bismarcks. Bad as the situation is today, it is not essentially new.

This is where we come in

THOSE who think there is anything strangely unique about the foreign situation should refresh their recollection of Napoleonic history. In the heat of that war between France and England our own John Adams wrote:

Our gazettes and pamphlets tell us that Bonaparte will conquer England, and command all the British Navy, and send I know not how many hundred thousand soldiers here and conquer from New Orleans to Passamaquoddy.

Of that great fear complex so closely paralleling the present one, Albert J. Beveridge wrote in his life of John Marshall:

They were sure that Napoleon intended to subjugate the world; and that Great Britain was our only bulwark against the aggressions of the conqueror. . . . If that power (France) swayed by that satanic genius, Napoleon, should win, would she not take Nova Scotia, Canada, Louisiana, the Antilles, Florida, South America? After these conquests would not the United States, "the only remaining republic," be conquered?

The best antidote to this wave of unreasoning fear is a calm sense of historical values.

"Forgotten Men"

WHAT cannot men achieve when they don't know that they are underpriv-

the tax payer wins with cast iron pipe!



MORE than 95 per cent of the water distribution mains in America's publicly-owned water supply systems are constructed with cast iron pipe—the pipe that serves for a century. By *avoided replacements*, which would be necessary with shorter-lived pipe, cast iron pipe has saved, and is now saving, millions of dollars for taxpayers.



Cast iron pipe has a *proved* useful life at least double the *estimated* life of other pipe used for water, gas and sewer mains. It is the only ferrous metal pipe, practicable for such mains, that rust does not destroy. Sizes from $1\frac{1}{4}$ to 84 inches.



Unretouched photograph of 118-year-old cast iron water main still saving taxes for the citizens of Philadelphia.

**PUBLIC TAX SAVER
NUMBER ONE**

CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

ileged, that the frontiers are gone, that opportunity knocks only for the favored few!

When Walter J. Edwards, for instance, arrived in Oklahoma City in 1915 and obtained a job working for a junk dealer at \$9 a week, no one would have picked him as fortune's favorite. He was a colored boy from the Mississippi cotton fields, and all the Alger heroes were white. No social lecturers had informed him he was a member of a subject race.

Somehow Edwards entered the junk business for himself and somehow he hung on through the years. Now, in addition to his junk business, he owns a grocery store, a meat market and a lumber yard. He bought a 32 acre tract of land in Oklahoma's suburbs, built and sold 40 homes for negroes. Recently he was given the Spaulding Gold Medal Award for the most meritorious achievement by a negro business man.

Among the 15 other contestants nominated for the honor are men whose records should shame the whimperers in all races.

David E. Jackson of Adel, Ga., is a sharecropper who graduated to the ownership of 400 acres of land and has become a man whom all the farmers in his county would like to emulate. Alonzo Wright, beginning as a teamster in Cleveland, now runs seven Standard Oil filling stations, with 89 employees and is one of the leaders in perhaps the most highly competitive business in his city.

When even race handicaps yield to talent and persistence no others should seem insurmountable.

"The new despotism"

BILL MILLER, Cheltenham, Md., grocer, had an important caller one day in the summer of 1939. It was an agent of the federal Bureau of Internal Revenue and he came to pick a serious crow. The grocer had sold sugar to some of his customers in quantities of 100 pounds or more without reporting to the Government the names and auto license numbers of the buyers.

It was all a great surprise to Mr. Miller, as it may be to you. He had never heard of this heinous crime. But there was a law, he was told, and under its authority he was arrested, tried in U. S. District Court and sentenced to 60 days.

Between the time of his arrest and the trial, Mr. Miller phoned a Congressman friend, Representative Burdick of North Dakota, and asked if it was true he had violated a law. Mr. Burdick checked up on it and told his friend there was no such statute on the books. But a Treasury order had been issued, having the force of law, and as it developed later, Mr. Burdick

had voted for the very bill authorizing the Treasury to proclaim such executive orders.

The story is told in Lawrence Sullivan's new book, "The Dead Hand of Bureaucracy." We suggest you read Mr. Sullivan's analysis of the stupidity—and tyranny—of government regulation. It may help you to avoid becoming an unconscious criminal. But try not to worry about it. If congressmen don't know what the law is, laymen will have to take their chances of arrest and imprisonment with as much fortitude as they can muster.

Sales managers can "take it"

WHEN Wendell Willkie has completed his whirlwind campaign tour of the nation he might enjoy comparing notes with William E. Holler, general sales manager for the Chevrolet Motor Company. Mr. Holler, too, has broken some records for travelling and talking.

Last January the Chevrolet sales chief stepped out to talk face to face with all of the company's 8,649 dealers in their own bailiwicks. Between January 25 and June 29 he visited every one of Chevrolet's 45 zone headquarters, and 11 other cities besides. *Motor* magazine says he travelled 21,262 miles, held 193 meetings in 96 days with dealers and salesmen, addressed 9,693 dealers and their partners, spent 34 days calling on dealers, spoke 410 hours, greeted 521 newspaper men and 465 others outside the industry. No statistics on hands shaken and no count of oral words were made.

Sundays Mr. Holler "rested" by holding advertising conferences, attending to his dictation and the direction of the Chevrolet selling organization. To keep his throat in condition he had a session almost daily with a throat specialist.

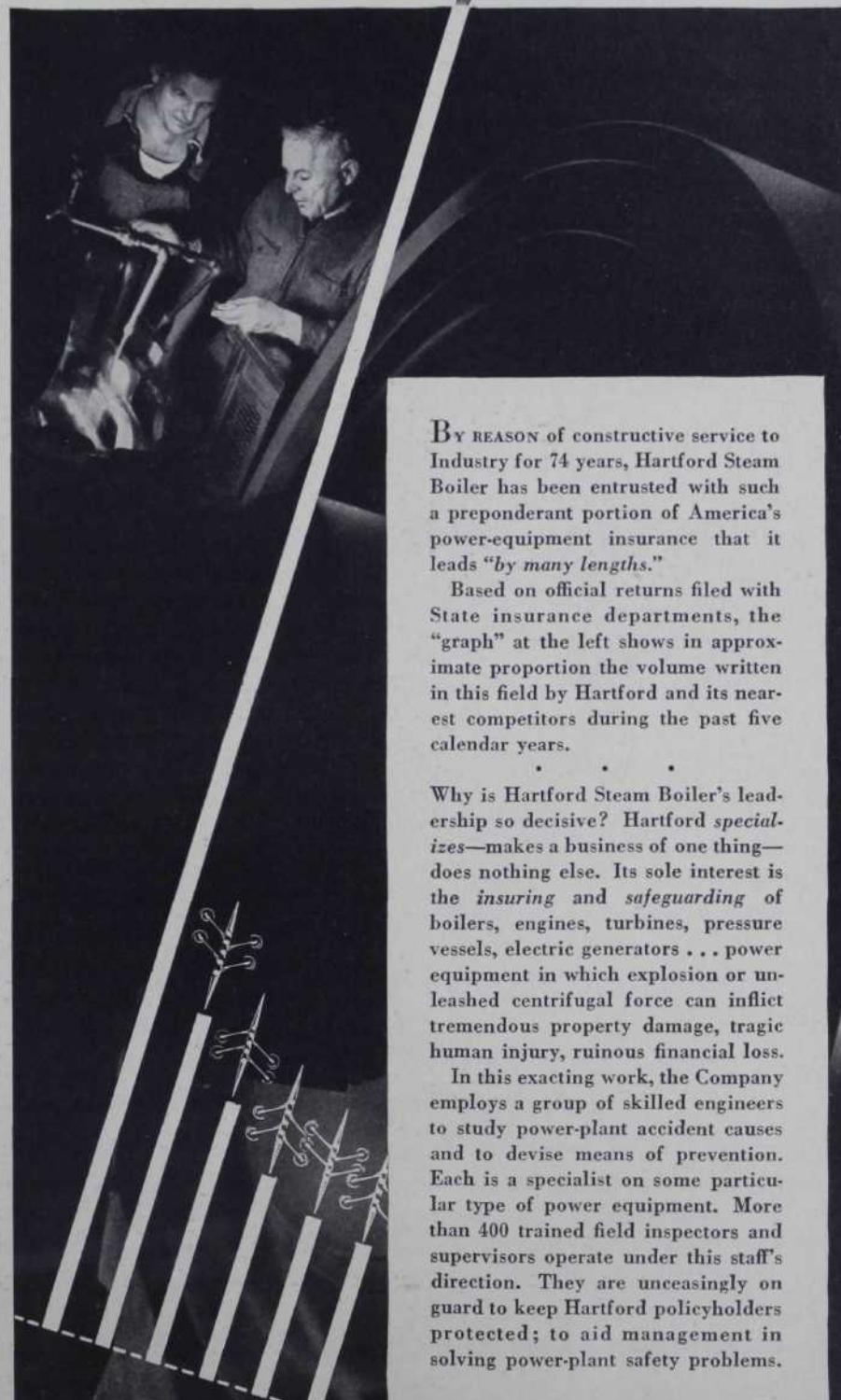
Joe Louis, Glenn Cunningham and Dizzy Dean have their laurels for physical stamina, but Mr. Holler's feat surpasses them all, it seems to us.

The reward of talent

NEW YORK'S Commissioner of Welfare Hodson has made a report dealing with spurious charities that deserves wide circulation. One mission visited by his office, and typical of a number of others, employs 20 solicitors who work day and night, "insistently thrusting containers into people's faces." They are paid \$3 a day plus 50 per cent of their collections. Very little charity work actually results.

The Hodson report recalls the scandals connected with the New York Tuberculosis and Health Association back in 1931-32, an account of which will be found in a new book by Morris

BY MANY LENGTHS!



BY REASON of constructive service to Industry for 74 years, Hartford Steam Boiler has been entrusted with such a preponderant portion of America's power-equipment insurance that it leads "by many lengths."

Based on official returns filed with State insurance departments, the "graph" at the left shows in approximate proportion the volume written in this field by Hartford and its nearest competitors during the past five calendar years.

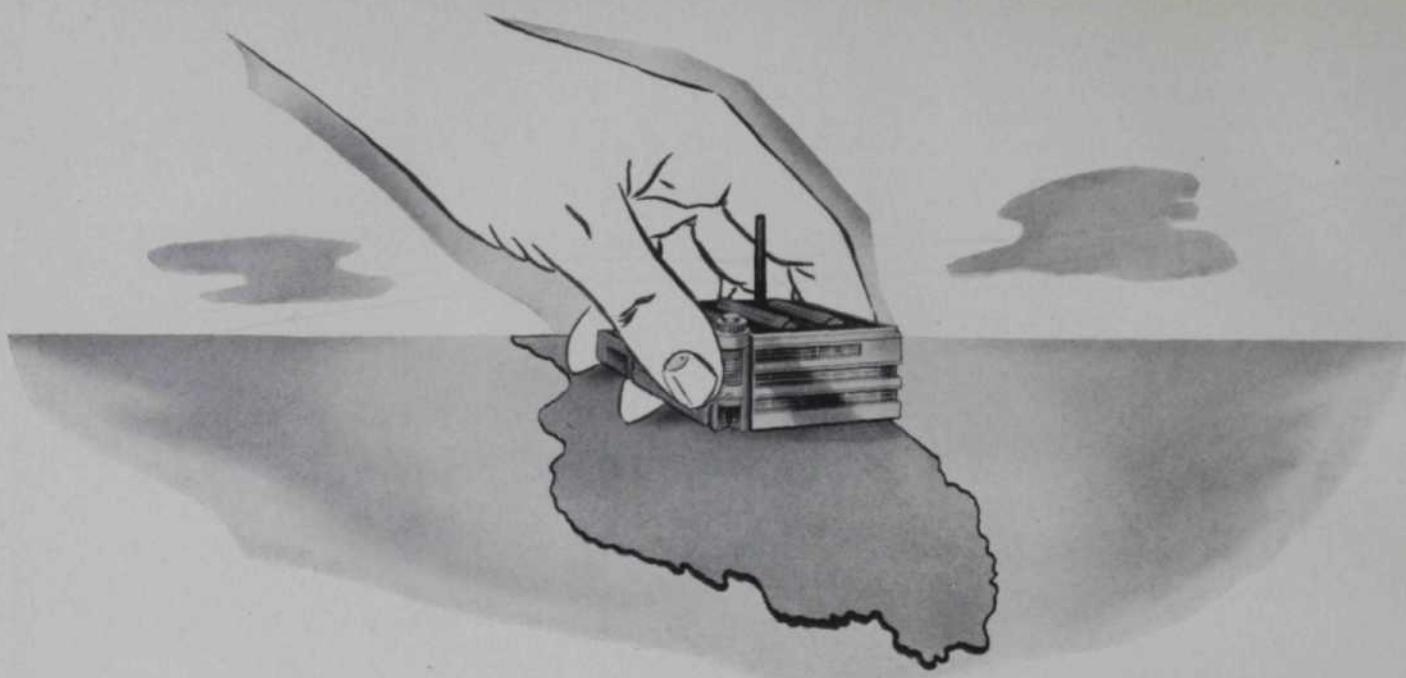
Why is Hartford Steam Boiler's leadership so decisive? Hartford *specializes*—makes a business of one thing—does nothing else. Its sole interest is the *insuring and safeguarding* of boilers, engines, turbines, pressure vessels, electric generators . . . power equipment in which explosion or unleashed centrifugal force can inflict tremendous property damage, tragic human injury, ruinous financial loss.

In this exacting work, the Company employs a group of skilled engineers to study power-plant accident causes and to devise means of prevention. Each is a specialist on some particular type of power equipment. More than 400 trained field inspectors and supervisors operate under this staff's direction. They are unceasingly on guard to keep Hartford policyholders protected; to aid management in solving power-plant safety problems.

THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY

HARTFORD, CONNECTICUT





a wise move-to ILLINOIS



If you are considering a change of location, or the establishment of a branch plant, you will make a wise move if you select an Illinois location. The steady industrial growth of Illinois, bringing the State from fifteenth to **THIRD** place in industrial production in less than a century is a natural consequence of the outstanding advantages Illinois offers manufacturers.

All of these contribute to the profitable operation of a main or branch plant in Illinois: **FINE LABOR SUPPLY**—Intelligent, skilled, and cooperative labor serves Illinois Industry. **RAW MATERIALS**—Agricultural, mineral, and other vital materials for industry are available. **MARKETS**—Direct connections with National markets and overnight shipping service to the entire Middle West Market. **TRANSPORTATION**—Direct rail, highway, water, and air transportation to every part of the Nation and to Central and South America. **FUEL**—Illinois is the third producing State in both oil and bituminous coal. **WATER**—Abundant water, supplied by eight great drainage basins. **POWER**—Facilities ample for today's needs and geared to tomorrow's requirements. **EQUIPMENT**—The second largest metal-working State, assuring adequate supplies of machines, parts, and tools. **PLANT SITES**—Ample room for new plants and expansion in every section of the State. **TAXES**—Illinois has **NO** State Income Tax, **NO** State Real Estate Tax, **NO** State Machinery Tax.

Special Confidential Report to Executives

Send today for full details of all factors which determine profitable industrial operation as they apply to your business. Write the Illinois Development Council at Springfield, explaining the nature of your business, and listing any special problems you have in production, sales, distribution, or any unusual requirements in labor supply, type of building, raw materials, or other manufacturing needs. A detailed and comprehensive report will be prepared for you and submitted for your consideration. Your inquiry will, of course, be kept confidential. Write—

ILLINOIS DEVELOPMENT COUNCIL • STATE HOUSE • SPRINGFIELD, ILLINOIS

ILLINOIS
 THE STATE OF BALANCED ADVANTAGES

A. Bealle with the intriguing title, "Fugitives From a Brain Gang." Mr. Bealle quotes from a letter to the *New York Times* of June 8, 1932 written by Dr. Louis L. Harris, former Commissioner of Health of the City of New York and ex-officio officer of the Tuberculosis Association:

So far as I have been able to discover during many years of intimate contact, an utterly insignificant fraction of the several millions collected by the New York Tuberculosis and Health Association during the past decade and a half has been used to supply diagnostic care, medical treatment, sanatorium or hospital care, or any of the necessities of tuberculosis patients or their families. In fact, I am confident that none of the money is used to assist those suffering from tuberculosis.

These charges were confirmed, says Bealle, in an investigation conducted by the *Times*.

The head of the New York Tuberculosis and Health Association at that time and for some years previously was Harry Hopkins, now frequently cited as an example of the golden opportunity for young people in social service. For his record in collecting cash to pay the splendid salaries in his organization, he was called to higher service in Washington.

Another time capsule

THERE is ground for believing that the motion picture industry keeps more closely in step with public taste, popular psychology and mass intelligence than any other business or group in the country. An event that took place in Hollywood recently seems to bear out this observation.

Sid Grauman has been laying some more concrete in front of his famous Chinese Theatre in the screen capital. Alongside Mary Pickford's tootsie wootsie mark and sundry other star foot prints on the sands of time he has recorded the final masterpiece—nothing less than John Barrymore's profile.

Now, if the city of the Angels and its artistic environs should go the way of Pompeii and Herculaneum, the glory of their civilization is imperishably recorded for the admiration of all posterity.

How to shake 'em down

WE WOULD be less than generous not to acknowledge and applaud the stout blows for truth being dealt by the journalistic cudgels of Westbrook Pegler.

In his column the other day Pegler spread several samples of labor relations under the régime of the N.L.R.B. Some of them are highly illuminating:

One young couple, he a union member, were fined by the musicians' union \$100

for spending their vacation at a non-union resort.

All male members of the Boston Amalgamated Clothing Workers, including those who will vote for the opposition candidate, must contribute \$1 to the Roosevelt Campaign fund, women members 50 cents.

Sixty ushers and similar employees of the New York World's Fair, drawing from \$17 to \$35 a week for a season of 24 weeks, had to join a subsidiary of the George Scalise racket and pay an initiation fee of \$11 each.

A retail men's clothing salesmen's union in New York charges its members \$4 a month dues, \$10 a year assessments "and many times a tax as high as \$3 a week extra."

There seem to be no bargain prices on collective bargaining.

History in the headlines

SENATOR CARTER GLASS says the banks are afraid not to buy U. S. bonds.

A MAN who was identified as a Washington W.P.A. worker ran his 70-foot yacht aground on a reef near Panama City, Fla.

THE *Binghamton* (N.Y.) *Press* prints five pages, or 40 full columns, listing more than 6,000 pieces of property to be sold for taxes.

"Stockholders" meeting

THIS MONTH every American citizen will have an opportunity to help in choosing the management of the world's greatest business. Similar opportunity today is offered in few places on the globe. Unfortunately a great many of those who go to the polls will pay less attention to the qualifications of those to whom they entrust their liberty in the coming years than they would pay to the qualifications of a man they might hire to paper the family living room.

The reason for this disparity is not hard to find. Living rooms are personal places and a citizen spends much of his life within their walls. Government, on the other hand, seems to be something impersonal and far away. Yet, in the long run, its impact on our lives is far more lasting than our most ambitious efforts at interior decoration.

A man who permits careless decoration of his living room can go sit in the park. One equally careless in his choice of public servants cannot so easily escape his government. Our job as stockholders of the nation is one which deserves our best attention. As long as we give it that attention we will get as good service from our government as we get from our paper-hangers. History shows that men who become careless in this job soon lose also their choice of paper-hangers. There is no wall-paper on a cell.



Tape Bandage

now has a
SAFER
more convenient
wrapping



A recent development of the Package Machinery Company, this new wrap is a good example of how our machines meet the special requirements of a particular product.

Each individual tape bandage is machine-wrapped in glassine and *double-sealed* for absolute protection of the sterile bandage.

An easy-opening thread is included in the wrapping to permit quick removal, and to avoid unnecessary handling of the bandage by the user. A tug of the thread neatly zips off the end of the wrapper, and the bandage may be easily and quickly slipped out.

A Strong Sales Advantage

Wrapping that adds to convenience or contributes to the service rendered by a product has a strong sales advantage. Our machines are producing such wrapping every day for America's leading packaged goods manufacturers. We will be glad to assist you in securing a better looking package, a better selling package, a more economical package.

Consult our Packaging Clinic for free assistance on your packaging problems

PACKAGE MACHINERY COMPANY

Springfield, Massachusetts

New York Chicago Cleveland Los Angeles Toronto

A Faster Beauty Treatment for Skyscrapers

Prescribed by the G.T.M.



Giving facials to big buildings is the work of The Vittert Building Cleaning Company of St. Louis. In their treatment, soot and grime are removed by a pressure-spray of water and steam superheated to 400° F., delivered through long lines of hose stretching down often twenty or more stories to the street below. This combination of high temperature, high pressure, and high tension caused so many hose failures that the time lost in making repairs and replacements was running costs dangerously high. Then the G.T.M.—Goodyear Technical Man—recommended

THE GREATEST NAME
IN RUBBER
GOOD  **YEAR**



HD Asbestos Steam Hose and Emerald Cord Water Hose, two exclusive Goodyear developments for heaviest-duty service. This Goodyear hose has now given so much longer service than any previous hose without a single failure, operations have been so speeded up, costs reduced so low, that The Vittert Company calls it a "miracle." Perhaps the G.T.M. could work a miracle for you with Goodyear hose specially designed for your most difficult operations. Write Goodyear, Akron, Ohio,

or Los Angeles, California
— or phone the nearest Goodyear Mechanical Rubber Goods Distributor.



Trojan Horse, American Model

DAILY WE EXPRESS our fear and hatred of totalitarian government, but do we really understand concretely what it is we fear and hate? What is its pattern? Broken down into its component parts, what do we find, in Germany, Russia, Italy and Japan?

1. Excessive borrowings; huge national debt; deficits, unbalanced budgets; forced loans from banks; confiscatory taxes; extravagant public works; subsidies to various groups of citizens.
2. Concentration of powers in the Executive; independent courts undermined; administrative law, that is, regulation by men rather than written statutes, and government by decree; planned economy; enlarged bureaucracy; control of elective processes.
3. Private investments restricted; freedom denied to the individual to own gold; subversive forces encouraged; class conflicts stimulated; morale of industry destroyed.
4. "Foreign quarrels to busy giddy minds"; a conscript army; huge military preparations; regimentation and nationalization of industry, farming and labor.

Such is totalitarianism, the kind of government, the way of life, which we arm today to keep from our hemisphere.

Is there need to point out our inconsistency, the tragic paradox? Is there any reader who has failed to see the deadly parallel? Are we, like those of less fortunate lands, willing to accept the substance while fearful of the form?

Little alarm was caused by an administration spokesman's proposal to give the Chief Executive power to suspend all laws, to conscript labor. Less attention is paid to the candidate for vice president who views with complacency a license for "every field, cotton gin, cow and chicken," and "strictest sort of controls applied to transportation and marketing."

As in totalitarian countries, we lean upon a weak reed. They, too, took the road while maintaining the appearance of doing so under the laws of the land. The Reichstag still meets; German courts still hand down decisions; the Fuehrer still sacrifices himself to the will of a national election.

Consider this picture:

Thirty per cent of the entire industrial population . . . are today government officials in one form or another or work in enterprises upon which the national, state or local government exercises a decisive influence. Thirty per cent of the industrial population . . . are therefore immediately dependent upon public and political corporations. . . .

The number of business men who work at their own risk and of workers who seek work on their own responsibility is steadily declining. Men whose entire effort was once devoted to taking care of themselves are made into mere political officials; men who were once dependent upon the product of their own activity become people for whom those who still accept economic risks must help to provide; men who hoped to rise and make themselves count as a result of distinguished achievement, become indifferent mechanical workers. . . .

If anything, this is an understatement of the condition in the United States today. But it was not written of the United States. It was written of Germany in 1931. It was an analysis of conditions there by Hjalmar Schacht, former president of the German Reichsbank.

That condition in Germany led to economic and social bankruptcy and paved the way for a receiver, whose job was ruthless liquidation. That condition in America must lead, if we learn anything from history, down the same road. Call it totalitarianism abroad, call it euphoniously at home the more abundant life, the new order, or what you will, it is one and the same thing.

Both exist when a people come to believe the individual lives for the State and not the State a servant of the individual.

There are those who, perceiving how the American version of totalitarianism has taken root, are crusading to preserve the American way.

But it is only a skirmish of a greater struggle, the battle to restore the American way of life.

Meredith Thorpe



MULTIPLY this picture by 25 million, and you have a miracle such as the world has never seen before—a miracle which is unmatched anywhere in the world today outside America.

It is the miracle of 25 million people owning and enjoying a mechanism as complex and competent as an automobile.

In a single year—this year, for instance—the industrial genius of America turns out some three million new cars—more than the *total* owned in any other country on the face of the globe.

Many things make this miracle possible—including the American railroads.

For mass production depends on *mass transportation*.

And what that means is this:

The materials needed for building automobiles come from every state in the union. Cotton must travel an average of 1,300 miles, copper 1,500 miles, wool 1,700 miles, lead 1,100 miles—iron and steel travel from mines to mills to factories where frames, bodies and other parts are made before arriving at the point where the cars are finally built.

Or to take it another way—for every working day, American automobile factories need 25,000 tons of iron and steel—450,000 square feet of plate glass—more than 900,000 pounds of copper. And for every car manufactured, it takes more than 2 tons of coal.

There are more than 17,000 parts in a single automobile—many of them made in widely scattered cities. One industrial writer has estimated that the materials in an automobile travel

by rail an average of six times before the car finally rolls from the assembly line.

So the automobile industry has come to depend on the clocklike regularity of the railroads. Many plants handle parts straight from freight car to assembly line with no stored supply or "float" of motors, frames, wheels, transmissions or other parts on hand. This helps reduce the cost of your car.

Perhaps you have never paused to consider such facts as these—any more than you have realized that the food you eat, the clothes you wear, most of the things you use every day were brought together from every part of the nation by rail.

As a matter of fact, that's the finest tribute anyone could pay to railroad service. It works so dependably and smoothly, you almost forget it's there.

"SEE AMERICA" FOR \$90

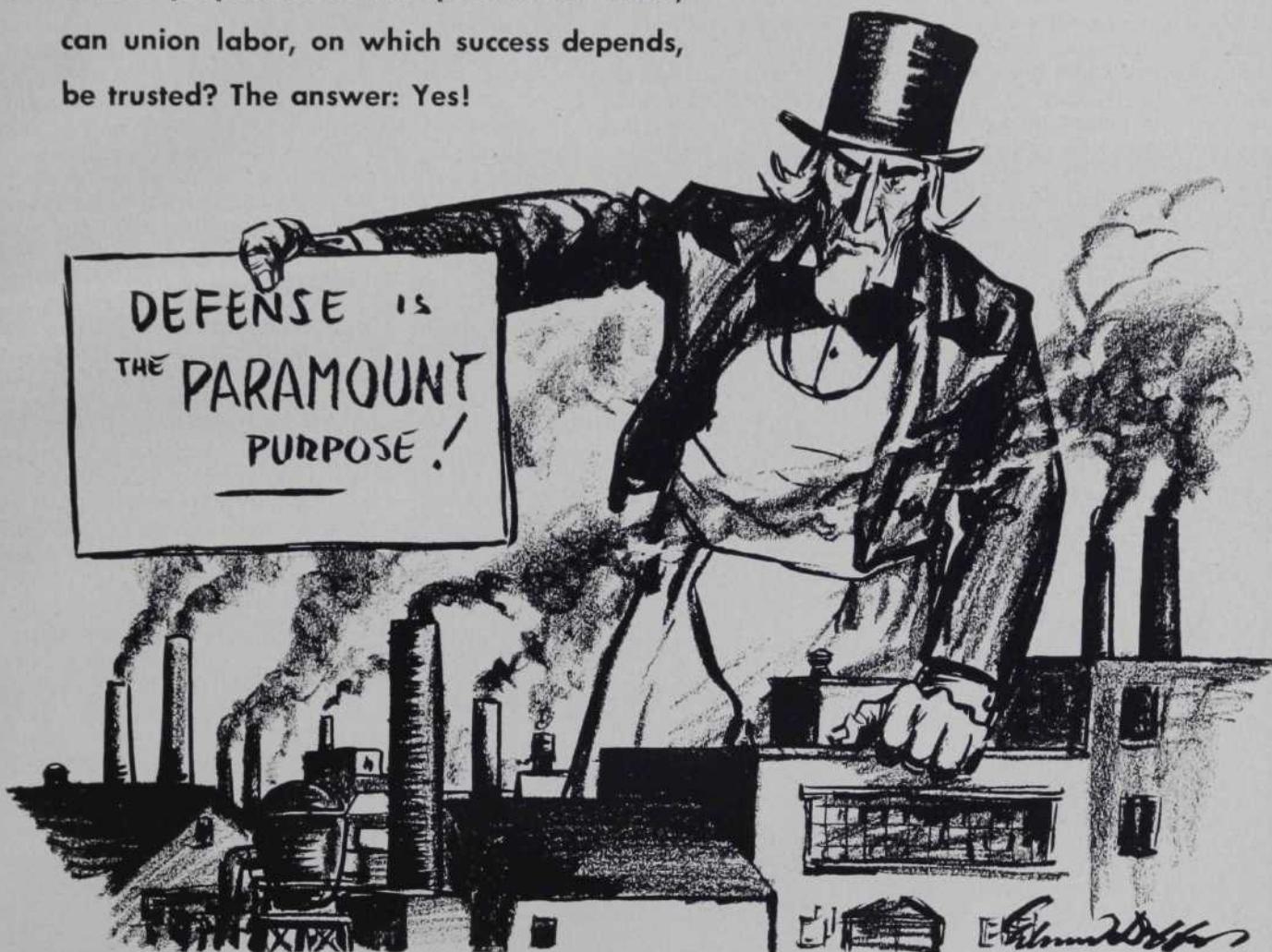
Start from your home town now on a Grand Circle Tour of the United States—east coast, west coast, border to border—go by one route, return by another—liberal stopovers—for \$90 railroad fare in coaches—\$135 in Pullmans (plus \$45 for one or two passengers in a lower berth).

NOW—TRAVEL ON CREDIT

You can take your car along too
See your local ticket agent

ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.

WITH preparedness the paramount issue, can union labor, on which success depends, be trusted? The answer: Yes!



Labor Weighs its Patriotism

By CHESTER M. WRIGHT

WHEN a nation mobilizes itself for a war program, whether war is actual or potential, there are some things that the majority will not tolerate, even in the name of freedom and democracy. Menace to the Service of Supply is one of them.

That immediately poses a problem for labor—American labor in this case—because American preparation for defense is the problem we face.

A similar problem is posed for employers and some of them have just as much to worry about as labor has. It is probably safe to say that there are sit-downers in all walks of life. Labor thinks it doesn't get enough in wages; employers think they don't

get enough in profits. But we must have a distinction between what individuals do as individuals and what organized groups do as organized entities. There is a difference.

The purpose in this discussion is to observe mainly the situation regarding organized labor, not to give advice, but merely to report the facts.

A beginning point is the assumption that the paramount purpose of the United States is the accumulation, quickly, of the men and materials requisite to complete national defense. "Paramount," in the dictionary, means above all else.

It appears true that by no means everyone yet realizes that defense is

the paramount purpose. But the Government elected by the people is functioning on a basis of defense above everything else; and any government after the coming election appears pledged to the same course. The commitment of America is complete.

To make our defense equipment complete, the nation requires the services of men and machines, of skill and cash—and credit. The nation's total resources must be meshed together.

In the field of labor—productive man power—organized labor will be the factor that must be reckoned with. Government itself frankly acknowledges that condition. The Pres-

ident appointed one of the most skilled of labor officials—Sidney Hillman—to guide the labor relations of the National Defense Advisory Commission; and he in turn selected an advisory committee composed of able representatives of the A. F. of L., C.I.O. and Railroad Brotherhoods.

Smooth operation of defense industries requires smooth working of organized labor and smooth relations between organized labor, employers and the national defense official family.

The responsibility thus placed upon organized labor and its leaders is tremendous. Labor does not face this future of responsibility in a position of fullest ability to deliver. Let me list a few of the liabilities:

First: The division between A. F. of L. and C.I.O.

Second: The active presence in unions of Communists, Nazis and Fascists.

Third: The active presence of downright crooks and racketeers.

Fourth: The continuance in some unions of a condition of absolutism in which membership has lost its voice.

Only recently has it become possible to talk openly about some of these evils without running the risk of being branded as an enemy. Organized labor is slow to admit publicly its weaknesses, although it knows and hates them. There is still much of the

secrecy born of ancient days when unions were persecuted and could meet only in secret.

Any report on the classifications of weakness must follow a statement, which is no more than sound reporting of obvious truth, that the overwhelming bulk of the membership and of the official families of organized labor is clean, sincere, honest, devoted and honorable in act and intent. But today's great dictatorships employ minorities to create confusion in democracies, for sabotage, for breaking down the agencies and institutions of democracy. That is why the corrupt and alien minorities in organized labor today assume an importance all out of proportion to their numbers.

Disunity in labor

LET us begin at the top of the list:

Some labor men will say that a magazine devoted strictly to business interests is not the place for a frank discussion of the disunity in the organized labor movement. I think, perhaps it is a grand place, because that very fact may startle some labor men into a little more thinking than they have been doing; and it may warn some business men that they, too, had best watch their step or risk hav-

ing their own unpatriotic hides hung on the community barn door.

I am writing here not as a proponent of labor, or as a proponent of anything else except national defense. This is a report. Nothing else. So, back to category No. 1—the split between A. F. of L. and C.I.O.

That is nothing less than a national shame of the first order. John L. Lewis will challenge that statement, but his challenging voice isn't as loud and stormy as it was a year ago. I have admired the force and courage of Mr. Lewis. Reporting is an impersonal business and it has to get at as many of the facts as possible. His past courage isn't so important in today's picture.

So, the fact is that, of all those in labor authority, Mr. Lewis stands out as the one man who could say the word that would reopen peace negotiations and he refuses to say it. That puts the whole burden upon him and I doubt that even he would deny it. While there are two great houses of labor there must be rivalry that prevents the fullest concentration upon our national paramount need. That, it seems to me, slams defense progress right between the eyes and it hurts.

Now, to pursue this disunity a bit
(Continued on page 70)



The labor movement will deliver a full measure of service and smoke out the crooks and fifth columnists

Slamming the Door on the Small Investor

By CLIFFORD B. REEVES

THE MAN who saves a little money is not quite barred from buying securities today. But his opportunities are limited. The free market is gone, swallowed up in governmental red tape

IF YOU were to propose a law that gave a handful of the largest insurance companies and banks the opportunity to subscribe first to a group of the choicest security issues, to the exclusion of all other investors, you would undoubtedly arouse a storm of protest.

Your critics would say that you were a monopolist, seeking to concentrate the country's finest investments in the hands of a few financial institutions. They would point out that, as old security issues matured, or were redeemed and replaced by new ones that were absorbed only by the favored few, the supply of suitable securities available to the rest of the country's investors would soon be seriously reduced.

You would be accused of unfair discrimination against the rank and file of institutional and individual investors. You would be told that you were trying to legislate against the interests of millions of persons who hold savings accounts and life insurance policies, by making it impossible for the hundreds of institutions that manage their funds to compete on equal terms with a few of the largest investing institutions.

You would be accused of trying, by subversive methods, to reduce the quality of the investments held by college and university endowments, pension funds, and charitable and religious foundations. You would be told that your proposed law would reduce the investment income of such institutions by fostering a scarcity of sound investments that leads to a bidding up of prices and a consequent reduction in investment yields.

In short, you would be regarded as a very unsound and anti-social fellow; and you would never be permitted to get away with it. Yet the Securities



GEORGE LORR

The Securities Act which purports to protect the rights of all investors has led to unfair discrimination against the majority of them by making it impossible for them to buy a large percentage of the finest offerings every year



Every individual who holds a savings bank account or an insurance policy has been affected. So have small investors

Act of 1933, designed for the protection of the small investor, is creating almost exactly the situation just described, because that Act has encouraged "private placement" of securities.

Registration required

THE Act, of course, was never intended to create such a situation. Congress didn't "plan it that way." The basic purpose of the Securities Act was to require registration of all publicly offered security issues, to assure investors that they were getting all material facts. This is a sound idea.

But the Securities Act exempts from this registration procedure "transactions by an issuer not involving any public offering."

What Congress undoubtedly had in mind in providing this exemption was to make it possible for small, closely held corporations to obtain additional capital from a limited number of investors who were well acquainted with the business, without requiring the company to go to the trouble and expense of registration.

After the Act was passed, the larger

corporations that were offering their securities publicly found the new registration procedure costly and burdensome, and filled with undefined but terrifying possibilities of liability. Then some one noticed that the exemption did not limit the size of transactions that could be handled by that method. If a company placed \$100,000,000 of its bonds with only ten insurance companies, no "public offering" was involved. Hence the issue would not have to be registered under the Securities Act. This method relieved the issuing corporation of a great amount of work, expense, and liability. It also avoided the dangerous delay involved in the registration period (until recently fixed at a minimum of 20 days), during which market conditions might change and wreck the plans for an issue.

There were also obvious advantages for the investing institutions. They had tremendous amounts of idle funds pressing for investment at a time when there was a great dearth of suitable new security issues. This new method of issuing securities helped to solve their problem of investment supply. Thus the procedure that has since be-

come known as "private placement" of large security issues came into being.

There is nothing in either the Securities Act itself, or in the regulations of the Securities and Exchange Commission that defines the number of investors to which negotiations and sale must be restricted if an issue is not to be classed as a public offering. In general practice, however, the number has rarely exceeded 15, and in most cases has been even fewer. The primary requirement for private placement and exemption from registration is that *there must be no opportunity for investors generally to buy the securities.*

Private sales are growing

CONSEQUENTLY, the growth of the private placement method has deprived the general run of investors, both institutional and individual, of the privilege of subscribing to many of the best new securities offerings. This is an unfair discrimination against thousands of savings banks, commercial banks, smaller insurance companies, educational endowments, trust funds and individual investors. Last year the general run of investors were deprived of the chance to subscribe to 44 per cent of all the corporate bonds or notes offered in the United States.

The practice of private placement has grown so rapidly that, in the past five years, more than \$2,500,000,000 of new corporate obligations (excluding all private placements of railroad, municipal and government issues and issues of less than \$1,000,000) have been issued in this fashion. In 1935, the first year in which this new method assumed real importance, privately placed issues totaled \$334,000,000. This represented more than 15 per cent of the total volume of corporate bond and note issues sold that year, exclusive of municipal or federal obligations. In 1936, private placements were \$286,000,000, and represented only seven per cent of the total. The year 1937 witnessed a small volume of total corporate financing; and, although private offerings totaled only \$285,000,000 that year, they accounted for more than 17 per cent of the total financing.

In 1938, the total of privately placed issues soared to \$802,000,000, more than 39 per cent of the total financing. These figures indicate that private placement is growing rapidly in popularity and may soon become common corporate practice.

The \$2,500,000,000 of bonds and notes that were privately sold since 1935 were largely refunding issues. The corporations that did this private financing used part of the proceeds to refund \$1,758,000,000 of outstanding securities. Analysis of the investment portfolios (so far as published) of the relatively few institutions that re-

ceived the exclusive subscription rights to the new private issues shows that they reported holding only \$509,000,000 of the bonds retired.

The general public, in these refunding operations, saw approximately \$1,250,000,000 of their old bonds retired, and had no opportunity to buy the new bonds that replaced the old issues. This means that the general public supply of high-grade issues was reduced by approximately \$1,250,000,000 in the past five years as a result of private financing. A relatively few investors acquired a much larger share of the highest grade investments at the expense of other investors.

To say that these private issues go to "relatively" few institutions is really to underestimate the case. Over the five year period, 66 per cent of the private issues were bought by *five* of the largest insurance companies; and these five companies and the large New York City commercial banks between them received 78 per cent, or \$1,973,000,000 out of \$2,500,000,000 offered.

In 1938, the last year for which detailed figures have been worked out, private placements totaled \$802,000,000, *shared by only 73 institutions and banks*. Thirty-six purchasers accounted for 98 per cent of the total. In contrast with this comparative monopoly, it is interesting to see what happened to the \$1,346,000,000 of corporate bond and note issues of \$1,000,000 or more that were registered with the S.E.C. and offered publicly in that same year. Analysis shows that at least 705 institutions participated in the purchase of the publicly offered securities. The 705 included 539 insurance companies, 37 colleges and universities; seven pension funds; one charitable foundation; and at least 121 savings banks. And the reports for savings banks are complete with respect to New Hampshire and Massachusetts only. The total savings bank participation would undoubtedly be much higher if complete records for other states could be obtained.

Wide public sales

THE five large life insurance companies that received 69 per cent of the private issues in 1938 obtained only 13½ per cent of the public issues that year. That was not because the issues did not meet their requirements. One or more of those five companies subscribed to all the publicly offered securities, aggregating

\$1,346,000,000, with the exception of 14 issues totaling \$194,000,000.

Even the 705 institutions mentioned did not obtain all of the publicly offered securities. They were awarded only 42 per cent of the total, which left the other 58 per cent, or \$783,000,000, for thousands of small institutional and individual investors located in all parts of the United States. Thus the public sales provided an investment opportunity to a very large group.

The distribution of three recent issues, one private, the other two public, provides another interesting comparison. The public issues were \$57,000,000 of Appalachian Electric Power 4's of 1963 and \$55,000,000 of Ohio Power 3½'s of 1968. The distribution records on these two issues show that they were bought by 188 life insurance companies and institutions, 58 savings banks, 17 college and university endowments, and four foundations and pension funds. But these 267 institutional investors received only a little more than half of the total issues. The rest went to hundreds of small investors.

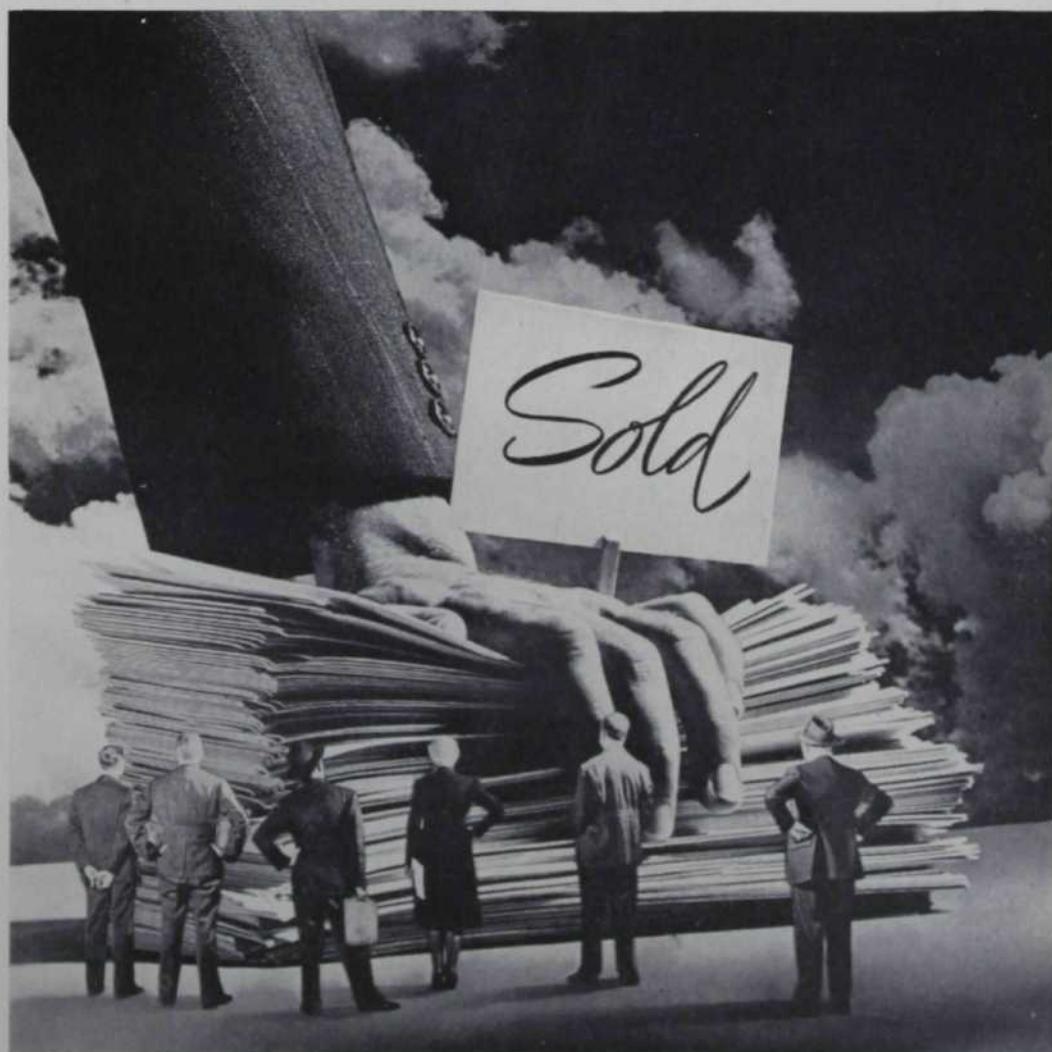
On the other hand, an issue of \$75,-

000,000 New York Telephone 3½'s of 1964, sold privately last year, was taken entirely by only nine purchasers, one of whom bought \$20,000,000 of this single issue. With the proceeds of this issue, the Company paid off \$61,000,000 of its outstanding bonds; and since only \$7,000,000 of the old bonds were held by the nine purchasers of the new issue, this meant that other investors saw \$54,000,000 of old bonds taken away from them but were given no opportunity to buy the new bonds.

Handicaps for small investors

THERE has been no general realization of the importance of this trend toward private placement of security issues or of the handicap that it is imposing on thousands of important investment interests. It is not a matter that concerns large investors only, as has been generally supposed. Every individual who holds a savings bank account, or a life insurance policy in a company that has not participated in the purchase of the private placements,

(Continued on page 84)



Last year the general run of investors had no chance to subscribe to 44 per cent of all the corporate bonds or notes offered in the United States



INTERNATIONAL

Women learn farm mechanics by actual experience

Is Germany's

By WILLARD K. SMITH



BLACK STAR

German girls in agricultural training camps are taught to take places of men and often compelled to serve as domestics or farm workers



EUROPEAN

Workers in Messerschmidt plant, like those in armaments plants, accept "titles" and increased liberties in lieu of wage bonus

TO THE democracies the war seems to have brought no greater surprise than the extent of Germany's preparation in fabricated war materials. It seems inconceivable that high authorities of France and Great Britain could not have had definite information of Germany's amazing production of tanks, airplanes, cannon, submarines, trucks, munitions and small arms. Yet they took no important labor steps indicative of such knowledge. In the United States some incredibility still exists as to how the Reich, handicapped by lack of gold and raw materials, has been able, even since the war started, to reach the productive heights now plainly evident.

The answer is not hard. It is found first in the strait-jacket control of labor—its hours, wages and food supply; and second, in the equally rigid supervision of the use of armament raw materials, under which even the use of nails was regulated. A house carpenter throwing away a bent ten-penny committed a crime against the State as did the architect who designed a house heating system with the radiators more than two inches from the risers, and the house wife who carelessly dropped a metal bottle cap in the garbage. Of these two factors the more phenomenal is the extent to which the Nazis subjugated labor which, before Hitler, had been a powerful political entity often controlling national affairs.

Hitler became the powerful political entity most active in the Government. The decisive strokes by which he enslaved labor to State purposes and its climax are briefly outlined here as an exposition of

"Secret Weapon" Work?

TIMEY object lesson in national unity of purpose is provided in the total support which is given to war machine of the Nazi regime. Military efficiency is conditioned on "man-hours" contributed to production of arms, equipment and supplies by civilian population. Preparedness plans and fiscal

sinews avail nothing until substantiated by the human equation.

How Germany has been able to undertake and sustain "the fiercest offensive ever witnessed in the world's history" is here revealed in terms of economic policies and practices



Vacationers participate in an eating contest. The vacation plan is supposed to compensate for workers' loss of job freedom



Before the war, 40,000,000 citizens were being fed publicly in communal kitchens in the army, labor service, factories, camps, training schools

what free governments face in manufacturing and construction competition with Nazi power.

Here in America we are starting what promises to be an armament race with Germany. There is little question that, if the Nazis win a quick victory before worker exhaustion becomes fatally serious to German production, we Americans will have serious difficulty under our present democratic system and high standard of living in matching the Nazi production of planes, munitions and ships. This will be particularly evident if the Nazi system of forced labor at very low pay can be ap-



A huge tamper operated by one man for use on roads and fortifications

plied to the manufacturing resources of the conquered countries to produce armament for Germany.

Give the Nazis ample food for their workmen and replacements of machine tools, both of which they would have if victorious, and America's problem in munition competition may be bankruptcy because of labor costs, or adoption of some modified form of the German labor sys-



After Sept. 3, 1939, working hours were increased up to as high as 16 and 50 per cent of workers placed in barracks adjoining the factories



When children finish their schooling, they must register with local labor offices and cannot become an apprentice without government consent



The wage scale for skilled and experienced bakers in highest wage locality is \$13 a week—less skilled workers in low wage area get \$2.80

tem. Our present six, seven and eight hour working day with Saturday and Sunday holidays, with wages of \$1.00 to \$2.25 an hour for mechanics and double that for overtime with many labor controls over production and regulations against speed-up, can no more compete with the Nazi productive system than the Village Blacksmith with Henry Ford. France never realized this, England has begun to do so. We are in the best position of the three but it is far from favorable.

It is not only labor that suffers conscription in Germany—the employer is little better off. The corporation can have no allegiance to the stockholder, only to the State.

Several months ago, Hitler, in commenting upon reports of greatly increased armament production by the then Allies, stated that the world had no conception of the very much greater output in Germany—a statement since proven by the completeness of his conquests and the apparent reserves of Nazi war mechanisms still available. However, Hitler did not tell the cost of this production in exhaustion of human and machine energy, a cost of official concern to the Nazis and which may be excessive if the war is prolonged.

Totalitarian government controls its labor severely and harshly when production



Factory girls prepare wood flour for both animal and human consumption

is necessary. It has no half-way measures characteristic of democracies. The spectacle of 1,000,000 men unemployed during a life and death struggle with an enemy, as was seen in Great Britain early in 1940, is inconceivable in Germany where the governmental labor policy is exemplified by the decree of February 13, 1939, stating:

(Continued on page 86)

A Convention Delegate Takes the Floor

By GUY E. TRULOCK

THE WORLD is full of two kinds of people: Those who make speeches and those who listen. The former can speak for themselves. The others are mute, but not resigned, as is demonstrated

CONVENTIONS are badly in need of reform. For years they have been cluttering up hotel ballrooms with speakers and hotel waste-baskets with speeches. As an institution peculiar to American industry they have their place, but as an instrument for poor speechmaking they have no equal. It is high time that the lowly delegate, for whom all these favors are intended, should speak his piece.

For the purpose of this article, a convention is defined as a gathering where business men meet in large, stuffy halls to tell each other how to grow two customers where only one grew before. This is accomplished by means of a thought-carrying device called a speech—the axis around which the convention revolves. Not all speeches made at conventions are bad but as sleep producers they are tops. Political conventions at least have bands and an occasional fight to keep the delegates awake.

If statisticians could examine the heads of returning delegates for evidence of what they remembered from the speechmaking, the results would be lower than a pitcher's batting average. Some relief should be accorded those who are required, by reasons of conscience or otherwise, to sit and listen to the convention speech.

There is a mistaken impression abroad that we business men are no great shakes as public speakers. We are supposed to be the doers whose actions speak louder than words. This statement is only too true when we stand before our fellows and attempt to speak. An article written about Wendell Willkie before he became a presidential candidate said, "At last business men are becoming articulate." This is a gross understatement. Business men have been articulating



Business men have been articulating ever since the Papyrus Makers of the Upper Nile held their convention in Cairo

ever since the Papyrus Makers Association of the Upper Nile went down to Cairo to make whoopee at their annual convention. We thrive on a diet of conventions, conferences, and confabs. We articulate—and how!

And how? There's the rub!

Readings are dull

THE great curse of conventions is that the speakers, instead of speaking, read. They read badly, they read too long, and they totally neglect the feeling of the audience. All audiences react alike to the speech that is read. Timid souls sneak out. Others hastily examine watches and depart with a raised eyebrow expression of "My! My! Late again for that committee meeting!" Bolder spirits get right up and march out.

I have observed individuals, depart-

ing under the influence of the read speech, stopping hither and yon down the aisle much as a bus does in picking up its morning passengers. At each stop they enlisted a recruit or two until a fair-sized caravan was proceeding in their wake toward the lobby, where they joined other refugees from the front. Those who remain after this exodus struggle for a time with droopy eyelids but finally give up and settle ungracefully into the refuge of slumber.

Furthermore, the things that are read are not speeches but essays, designed and built for perusal in the cloistered quiet of the private office. Here the reader can ponder and re-read or even order up a Scotch until he gets the hang of the thing. Speakers should remember that listeners are compelled to catch on instantly—that they cannot rise up in the hall



Some relief should be accorded those who are required, by reasons of conscience or otherwise, to sit and listen to the usual convention speech

and shout, "Hey, Mister, read that again—I didn't get it."

Convention speakers who attempt to exhaust their subject succeed only in exhausting their audience. They toss in this fact and that figure and those cumbersome details, with little thought as to how much the traffic will bear. Years ago a convention victim wrote:

More conventions are killed through speakers starting from anywhere and arriving nowhere in from an hour upwards than from any other one cause. The average speaker can tell much more than he knows or at least more than will interest most people in 20 minutes. If he cannot there is something wrong with his grasp of the subject.

Prospective speakers should ask themselves, "How would my speech sound to me if I were in the audience?" To get this point of view let them picture their personal reactions when it was their turn to sit and stew. First comes a polite patter of applause as the speaker is introduced. This initial sound denotes a hope, particularly as the session wears on and the delegates wear down, that the speaker will make it short and sweet, if not snappy. Follows, then, a period of relative silence while the speaker gropes for his controls. Meanwhile, the audience is giving him the once-over: ("So this is the Big Shot." "Nice suit but his wife should tie his tie." "I'll bet he's happy!" "Looks scared!"

"Why doesn't he look up once in a while?"

Then comes a vast and increasing sound of shuffling papers and stirring bodies while the speaker gets a firm grip on his manuscript, lets his clutch in, and either rambles hellbent to a final and unflattering "I thank you," or else, like a slow leak, he drones along until the air is out of his system and he rests on the rim.

Audiences get fidgets

NOW it would be a fine thing if all convention speakers would throw their shoulders back, look the audience in the eye, and, with only an occasional glance at inconspicuous notes, speak up in a conversational yet firmly convincing tone of voice. Likewise, it would be helpful if they would refrain from scratching their heads, plucking their eyebrows, twiddling with divers gadgets on their watch chains, punctuating each thought or fraction thereof with annoying "and-ahs" and "uh-huhs," rising and falling on their toes (the irreverent remark, "When is he going to jump?") or performing any of the other assorted mannerisms that give fidgets to their audiences.

Nevertheless, for all that can be said, many of us will continue to read our speeches.

This being the case, what can be

done to relieve the distress of the listeners?

First, the prospective speaker will do well to give some thought to the character of his auditors. What manner of men will be present? What do they already know about the subject? How interested are they likely to be? How much can they take? By pondering these questions in advance he can adjust his remarks to register on the wave-length of a particular group.

The sad part of the whole thing is that the speaker fully intends his little gem of eloquence to take root and flourish. It can be said of the listener with equal generosity that he, too, hopes to gather valuable information. We might paraphrase the poet Gray in his Elegy and say, "Full many a speech is born to blush unseen and waste its sweetness in the convention air."

Alas! The headaches which men receive at these gatherings are not due to overstrain in listening to the speeches!

Second, let him practice his talk. The printed speech may look mighty pretty laid out between the covers of its pamphlet. The approving nod of the speaker's boss, "It's a great speech, Joe," and the personal flattery of his secretary may cause the buttons on his vest to tug at their moorings. But the only thing that counts with the speaker's audience is

what he says and the way he says it while he is on his feet before them. Unless he rings the bell then it will make little difference what the chairman says, either in praise or extenuation.

He must plan to look and to sound as if he really means what he is talking about. Therefore, let him do a little warming up in the bull pen. If no other place is available, he should go down in the basement and talk to the furnace. Better still, let him put the speech on a record and have it played back. He will be startled at what he hears but he will know where to improve matters before harm is done.

At the same time let him put a look on his face that at least implies, "Well boys, so far so good!" rather than the customary drizzlepuss expression that seems to say, "Why do they do this to me?" It won't cost a thing and the audience will like it.

Third, let him plan to be himself. Not Daniel Webster nor Daniel Boone nor anybody else except plain Joe Blow. An audience is quick to detect the stuffing in the shirt. At the same time he should remember that the folks he is talking to are not stooges who have been brought along for the ride, but human beings possessing the same vices and virtues as himself. For one thing they like entertainment. Not that they expect the speaker to come out juggling a set of dishes. But they do go for that kind of mental stimulation that comes from the use of stories and anecdotes which serve to illustrate what he is talking about.

They like their ideas in concrete form garnished with plenty of specific

instances and told in such a way as to tie in their experience with whatever proposal is on the speaker's mind. They also would like to see something more compelling to the eye than the top of the speaker's pate as he bends over to read his speech down his shirt front.

Get a good beginning

LET him plan to open his talk with a few pleasant remarks accompanied by a smile. This approach will not only break the ice but will enable him to get his hands on the handle bars before he starts pedaling. Many a brilliant executive possessed of a charming personality in private becomes dull and stuffy when he gets up in public. If he will only try to be himself, the audience will bless him for it.

Suppose our convention speaker says that he cannot do any of these things, that, shucks, he's no speaker, etc., what then? Take him at his word. Let the program committee send out printed copies of his paper to be read at the convenience of the delegates and under less distracting circumstances than those found in the average convention hall. In this way the time and energy of both speaker and audience will be saved for more productive purposes.

There are accessories to the convention speech that can also stand reform. One is the convention chair, particularly the folding variety that is moved in for the duration. These things are constructed more for mobility than for comfort. To sit in one for three hours calls for a display of physical endurance not calculated to

win friends and influence audiences. Consequently, the noise of portly and protesting business bodies squirming around is distracting. The baseball people provide a seventh-inning stretch; why not let the audience have one midway through their sessions? The more stretch, the less squirm.

For those speakers who are tempted to use great quantities of maps and charts and other paraphernalia that the speech professors call "visual aids," a word of warning: These things are as manna from on high, if properly used. But if they are rung in without adequate explanation, the listeners will start their trek for the open spaces. Don't expect a sea of expectant faces if you block the view of your exhibit or if you wave your pointer around until the spectators become cross-eyed in the effort to keep up. And many a whooperdo as a speech has fizzled simply because the lantern slides were too small or the screen too low, or both. We business men are great hands for attention to detail. We ought to maintain that reputation when we air our thoughts in a public speech.

Convention speakers are often in the dark—literally as well as figuratively. The audience hears a sound and strives to locate its source but, finding only a shadowy outline, it gives up and sinks back into the solace of its thoughts. The face and features of a speaker are a part of the speech; otherwise would it not be cheaper to have a busy executive record his thoughts on a phonograph record and send it along to be played over the public address system? The solution

(Continued on page 48)

Let him put his speech on a record and have it played back. He will be startled at what he hears



No Business Can Escape Change

Despite elections business with new products always seeks public approval

1 • A MOISTURE tester is now made that combines a drying oven and a balance mechanism. Tared dishes are used and either five or 10 gram samples. No calculations are required to show solid content. The oven takes up to 10 dishes on a spider-like turntable.

2 • A SOAP dish designed to dry a cake of soap has an insert with small fingers which hold the soap well above a possible water level. It is available in twelve colors.

3 • A COATING for paint spray booths is such that waste paint sticks close but may be peeled off easily when desired. The coating is applied by spraying.

4 • FOR air-conditioning systems there is a new type of duct which is smooth on the outside, has no exposed hangers, and has flat seams fastened with flathead countersunk screws. As the duct resembles a beam, concealment is not essential.

5 • A GLASS cleaner of new type is furnished as a concentrate in an envelope for the customer to dissolve. Relative economy as well as high efficiency is claimed for it as it will not blur, streak, or reappear.

6 • A NATURAL draft stoker of new design has all moving parts enclosed for safety. A device is added to allow manual operation in case of power failure.

7 • A NEW nozzle for gasoline hose is made of synthetic rubber specially prepared so that it will conduct electricity and prevent static accumulations. It is said to be as durable as metallic nozzles and its flexibility will make for easier filling of tanks and less scratching of car finishes.

8 • A NEW high-boiling anti-freeze has been developed which is based on ethylene glycol. Its use permits high temperatures in automotive engines and in car heaters.

9 • IDENTIFICATION buttons that incorporate a photograph are now made so that an attempt to substitute one photograph for another destroys the button.

10 • A STORAGE battery for flashlights that fits into standard two-cell cases has been brought out. It is cased in a transparent plastic, requires little attention.

11 • A NEW type heat recirculator projects two streams of heated air at right angles to each other. Using only one motor and fan, one outlet and inlet, savings are claimed for the design.

12 • ALUMINUM and aluminum alloys may now be electroplated by a low-cost, easy method. Preparation is by dipping the work in a special solution and then it is ready for the regular plating bath.

13 • A PROCESS just developed allows welding of galvanized sheets and structural elements, regardless of size, so that the joints are left rust-proof. It involves regalvanizing, without dipping, at the time of welding.

14 • A NEW portable sound-level meter weighs only 19 pounds yet has a range of 24 to 120 decibels—from rustling leaves to a factory whistle. Of small size, it is adaptable for many kinds of noise study.

15 • TO PERMIT the conventional amplitude-modulation radio receiver to receive frequency-modulated radio programs, a translator device has been developed for permanent connection to the radio. Record players or other attached devices are not affected.

16 • A SPONGY product of latex is now being made in colors and is adaptable for use in toys, powder puffs, bath mats, brushes and other products.

17 • AN ELECTRIC iron is now made so that it will lift itself on its own stand by pressing a button release. The retractable stand is released by pressing another. The temperature is automatically regulated.

18 • A SPECIAL line of hose or tubing made of a rubber-like plastic offers particularly good resistance to deterioration due to aging, oxidizing agents, and solvents. It is made without fabric or wall reinforcement.

19 • A COMBINATION pocket magnifier is now made to give three, seven, or ten power magnification. One lens is a three-power singlet; the other a seven-power achromatic aplanatic doublet. Both used together function as a ten-power achromatic aplanat.

20 • SOLES and heels for work shoes may now be had made from a chemical rubber which gives increased safety and longer wear where oil, heat, acids, caustics, and fats are present.

21 • A PLASTIC resin adhesive now available is a "one-part" glue, requiring neither a hardener nor heat. Dissolved in water and applied, it polymerizes to give a permanent, waterproof, stain-free bond of very high strength.

22 • FOR AUTOMOBILES there is now made a radio that is controlled by foot. Pressure on a lever automatically tunes it to the next station, a slight pressure on the same lever silences it.

23 • A SPEED indicator for airplane catapults and adaptable to other moving objects has no mechanical connection but operates by a fixed magnet passing over two coils one foot apart.



UNDERWOOD & UNDERWOOD

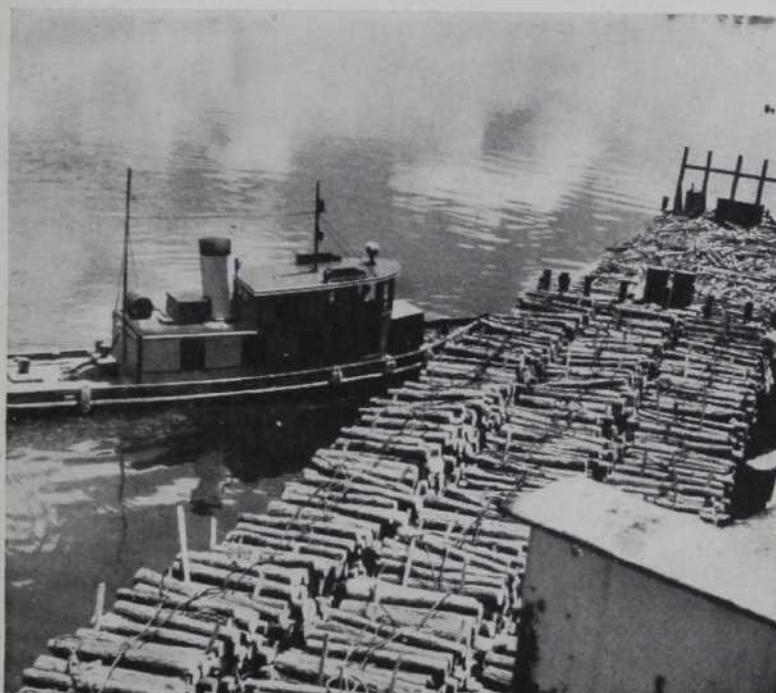
24 • A FIRE retardant half-inch insulating board is now made with one-hour fire rating on wall construction, using wood-studding and plaster. It is made of wood fibers and mineral matter.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Strategy for Defense is to Decentralize

By COL. CHARLES P. WOOD



CHAMPION PAPER AND FIBRE CO.

Southern pine for pulp is docked for use of white paper mill near Houston, Tex.

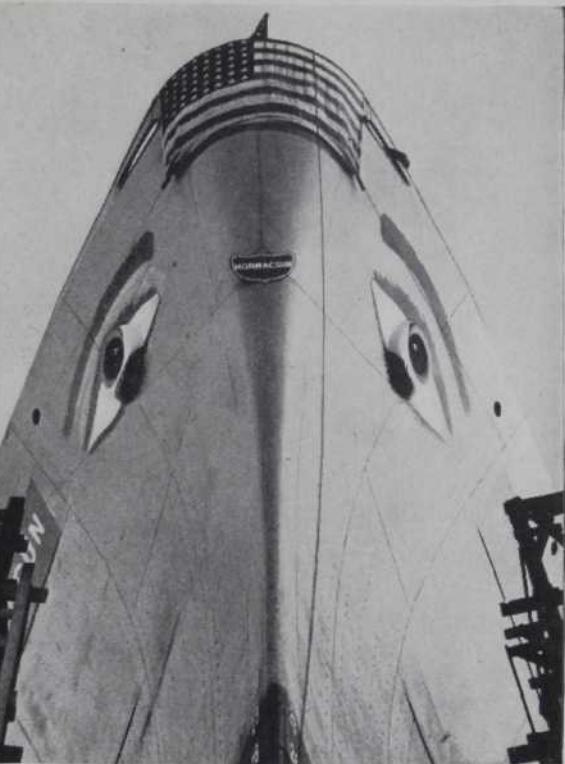
APRESS report from Washington, dated June 13, states that the Assistant Secretary of War estimated that 450 applications for government financed plants had been received at his office by personal presentation and that 700 other applications had been forwarded by members of Congress. The National Defense Commission at the same time was receiving visitors at the rate of about 2,000 a day and most of them were seeking to present the claims of their cities for new plants. Another report two months later refers to the call of 14 middle western senators on Chairman Knudsen to urge that defense factories built or subsidized with government funds be placed in their section.

These reports are typical of community efforts to get what they can out of the defense program. Only a few places can hope to reap the benefits which so many are trying to get, but this interest, aroused by emergency, may reach

Mr. W. Knudsen examines a new army fighter in one of California's rapidly expanding plants

beyond the limits of the defense program into the field of permanent industrial development.

New developments are coming so fast that a writer needs to be careful lest he seem to be living in the distant past by the time he gets into print. The present spectacular situation was unpredictable a year ago but there have been no changes in the fundamental principles which control industrial activity. The law of supply and demand has not been repealed. We are in a great hurry about national defense, but there are no short cuts to the basic preparations which



SOIBELMAN
Launching of new ships is now almost a daily occurrence somewhere along our coast line



LOCKHEED

will insure the labor, material and equipment for our expanded manufacturing program.

It is only natural to seek emotional or political solutions instead of the harder economic methods which will finally prevail. The Government will not have to build or take over as many factories as the newspapers might lead us to expect. Every community should be thinking of what the situation will be after the present war is over. The current excitement about big munitions plants will not provide a sound base for steady income later. Thoughtful busi-

ness men can see more reasons than ever for long-range planning to absorb the shock of readjustment which is ahead of us. It hardly seems necessary to remind NATION'S BUSINESS readers of the adjustments that had to be made in the years after World War number one or of the mergers and new industries that made changes in America's industrial pattern following that war. This article is largely concerned with the present geographical phase of the situation which is ordinarily listed under the heading of migration, decentralization or relocation.

Decentralization of industry had become an active subject even before 1929. The financial collapse destroyed what had seemed to be the best prospects for new manufacturing plants at the same time that it emphasized the importance of proper plant location. Advantages due to location where essential economic factors were favorable became more evident during the depression years.

Relocation and expansion have been so confused with decentralization that limited space will not permit explaining the difference.

It is enough to bear in mind that initial developments of new enterprises

and the requirements of expanding distribution centers account for most of the new plants. Comparatively few new plants have been built purely on the decentralization theory, even though the theory is recognized as sound. The reason in most cases is that the expense of abandoning old plants and building new ones is more than the average business can stand. Decentralization is accomplished gradually and indirectly by new developments in new areas and by the gradual replacement of old facilities by new plants in new locations. When a new company builds a factory to manufacture electric motors in California, decentralization is accomplished just as surely as if one of the eastern electrical manufacturing companies had decided to move part of its facilities to the Pacific Coast.

Three prominent factors in the current movement of industrial plants are paper mills, chemical factories and government power plants.

The paper making industry accounts for the largest recent expansion in the form of new plants at new locations. These plants were built in the South Atlantic and Gulf

Coast states to use southern pine pulpwood which grows fast enough to permit economical reforestation and harvesting on a crop basis. The first of these plants made Kraft or brown paper and other plants even earlier made wall board from the same raw material. The recent impetus is due to improved processes for making white paper and newsprint from southern pulpwood. The only newsprint plant of this kind, now operating successfully in Texas, is a credit to local initiative, having been organized and financed by local people to supply newsprint for papers in the Southwest.

The chemical industry, with which should be included the closely related

(Continued on page 78)



WARNER & SWAZEE CO.
Machine tool industry demands highly skilled labor in concentrated areas

EWING GALLOWAY



The Springfield, Mass., arsenal is center of the country's small arms manufacturing industry



Large deposits of sulphur in Texas and La. are a boon to development of chemical industry in Southwest



"UNDISCOVERED *Profits* RIGHT IN OUR OFFICE"

"In the factory we cut costs with better methods and more modern machinery; now let's further add to our profits by doing the same thing in the office."

THESE OFFICE SAVINGS WERE ADDED TO PROFITS

A store in Ohio reduced sales audit cost 20% with Burroughs Electric Duplex Calculators which provide group totals and a grand total in one handling of the figures.

A New England manufacturer saved \$125 a month in the cost of keeping payroll records by installing a new Burroughs that writes several related records in one operation.

In buying 754 Burroughs calculators, a Midwest concern saved \$118,462.88 because the Burroughs range of calculators is so complete that the exact style and size required for each desk could be purchased—without overbuying.

Profits which lie undiscovered in the office can be fully as tangible as any that are gained by modernizing the factory—especially in view of the new time-saving features provided by today's Burroughs machines which save so much time, effort and money in the handling of office records. These new machines and features offer surprising new possibilities for reducing office costs, as well as for meeting today's changing conditions.

The first step toward availing yourself of these "undiscovered profits" is to consult with your local Burroughs representative. He can tell you what today's Burroughs machines, features and methods can do for you, and save for you, in your office.

BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICHIGAN

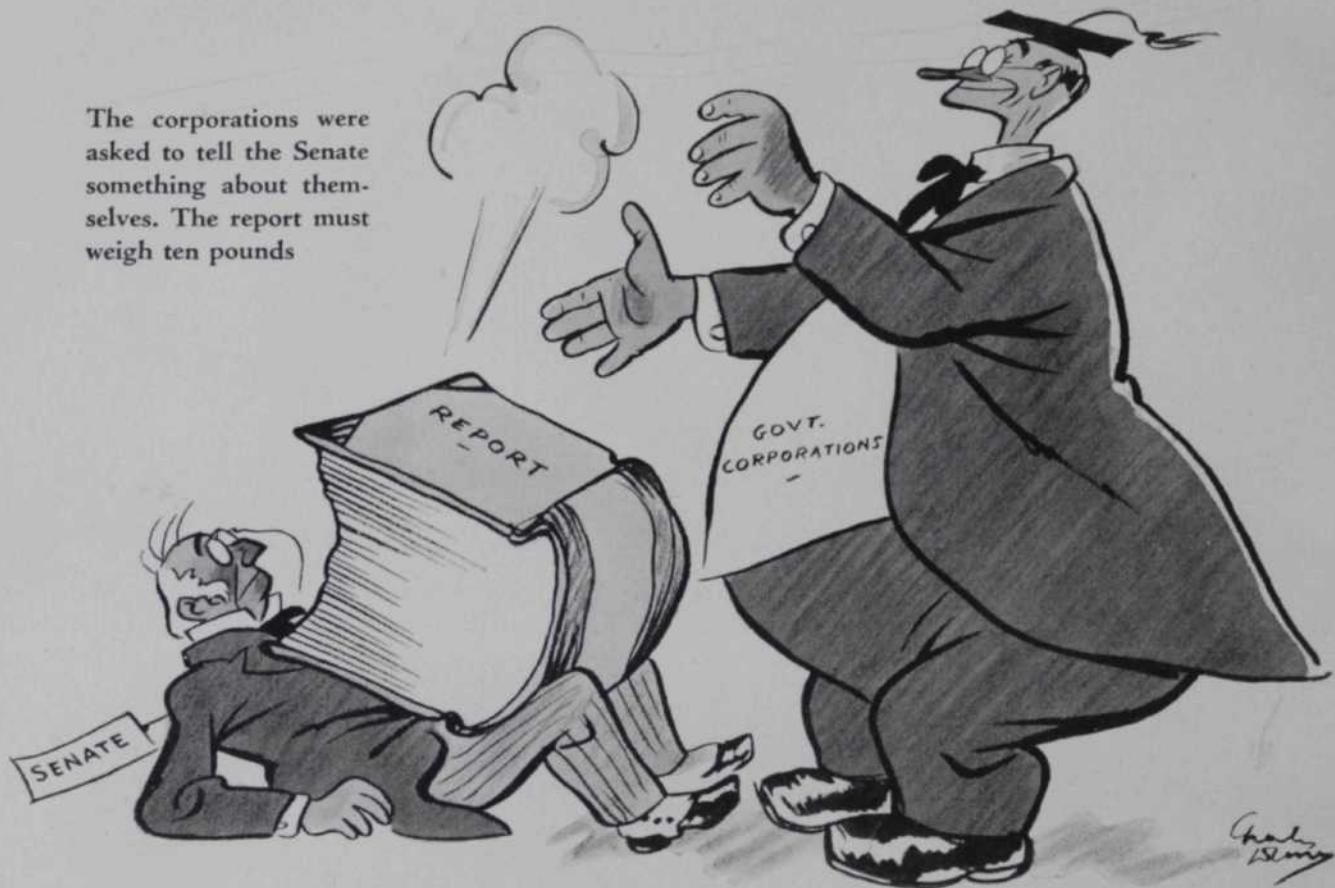
Today's Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST

The Corporations Nobody Knows

By HERBERT COREY

The corporations were asked to tell the Senate something about themselves. The report must weigh ten pounds



ADD several billion dollars to an unknown total and the sum will be that of the Government's debt.

The problem cannot be done. It is not possible to get an accurate total by adding an unknown sum to an unknown sum. But that is the Government's fiscal position. No one knows how much the Government owes today. No one has ever known at any fixed instant how much the Government owes. No one will ever know until the Government cleans up its fiscal house and adopts a bookkeeping method. Any method would do, so long as it is a method. At this moment the most talented accountant in the world would have just as much success in determining the actual financial standing of the Government as a one-armed man would have catching eels in a tide-race.

This article is to be confined to one of the symptoms of the Government's system, the 31 loose, wild, and unbridled corporations. It is as though a psychiatrist, confronted with a case of acute financial mania, were to confine his comments to the light in the

DUBIOUS accounting practices of 31 officially created public agencies and their 1476 subsidiaries operating in fiscal field raises question of existence apart and distinct from creating authority. Dubbed "the fourth branch of Government" by Senator Byrd, these corporations are involved in a procedural maze calculated to baffle the accounting expert as well as the citizen.

patient's eye and ignore the disease. It is only by such means that the nature of the Government's fiscal idiocy can be comprehended. No one knows by how many billion dollars the Government is short of solvency right now. I asked one of the real experts in the government service:

Suppose that some one wanted to write a book about this terrible mess the Government is in financially. Could it be done?

"No," said the expert. "No one knows the facts. They could not be assembled except by an operation that would resemble a military maneuver on a grand scale. Not much is being deliberately hidden. Conditions

are not even coordinated to the point of confusion. The Government's financial side consists of many men and many activities going their respective ways in complete ignorance of what the other men and activities are doing. The only common meeting ground is when they call on Congress to give them more money. Some of them spend more money than they are given and a few of them do not. Their similarity ends there—if that is similarity."

Two or three years ago U. S. Senator Harry F. Byrd of Virginia discovered the corporations. That is an inaccurate statement of fact. Every one knew there were corporations for



1. A Mortality Table tells us how many of a group of people of any given age will live to be a year older, two years older, ten years older, etc. For example, take 1000 children, each fifteen years old . . .



2. One Mortality Table shows us that at forty, life may begin for some, but will have ended for 103 of the 1000 . . .



3. At seventy, 462 of the 1000 remain, and 21 of those will still be alive at ninety.

What has a Mortality Table to do with the cost of Life Insurance?

AS YOU PROBABLY KNOW, a life insurance company is required by law to maintain certain reserve funds. This reserve, together with future premiums and interest earnings, is calculated to enable the company to pay all its policy obligations when they fall due.

In computing the sufficiency of the reserve, state supervisory officials and the company follow mathematical formulas which are based, in turn, upon mortality tables and interest rates.

A mortality table is simply a tabulation showing what percentage of a group of people of any given age die within a year's time. It is prepared from a knowledge of *past* death rates—but serves as a measure of *future* death rates. As it is sometimes phrased, "We don't know who will die, but we know how many."

In the United States, the laws of various states specify certain mortality tables as a minimum basis for computing the reserve. For Ordinary policies, the "American Experience" table is usually specified.

Because this particular mortality table was developed many years ago, and mortality rates have since improved, people sometimes ask:

"Wouldn't the use of a more up-to-date mortality table reduce the cost of life insurance?"

People who ask this question are usually unaware of the fact that the cost of mutual life insurance is *not* determined by the particular table used to compute the reserves—whether the American Experience Table or any other.

For one thing, while the companies must have sufficient reserves on the basis of the legally specified mortality table, they are

not restricted as to the mortality table they use for determining premiums. Metropolitan, for example, does not compute its premiums directly on the American Experience table, but takes its own experience into account.

Furthermore, in a mutual company such as Metropolitan, the premium paid by the policyholder is fixed at an amount somewhat greater than that which the company expects will be needed to cover the cost of providing the insurance. This is done for safety—so that the company can be sure it will have sufficient funds to cover any unforeseen disbursements that may be incurred. Later the policyholder receives back, from year to year, in the form of dividends, a refund of the amounts not needed by the company.

In computing dividends, the company takes into account *recent* mortality—as well as actual interest earnings and expenses of the company. Thus the cost of life insurance is determined by what actually happens. In other words, the mortality table used to compute the reserve has little or no effect on the cost of life insurance, since dividends reduce the policyholder's

net payment to the amount required by *actual* experience.

Mortality, furthermore, is only one of several factors which enter into the cost of life insurance. The two other factors mentioned above—interest earnings and operating expenses—are very important. Anything affecting either of these factors also affects the cost of life insurance.

As a matter of fact, the continued decline in interest rates during recent years has substantially reduced the amount that could otherwise be returned to the policyholder as dividends. Naturally, this has increased the cost of life insurance, since the savings that have been made by the improvement in other factors have been more than offset by the reduction in interest earnings.

The important thing to remember is this: Regardless of the mortality table used to establish premiums or reserves, the Metropolitan policyholder receives his life insurance at the actual cost of providing it. And that cost is based on up-to-date experience, not just with regard to mortality, but with regard to *all* the factors which affect that cost.

COPYRIGHT 1940—METROPOLITAN LIFE INSURANCE COMPANY

This is Number 31 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD • Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



which the Government provided all the money, named the officials, generously declined to hamper them by any rules or boundaries and turned them loose. Senator Byrd asked Secretary of the Treasury Morgenthau about them. Mr. Morgenthau did not have much information. He said the first government corporation on record was the Bank of North America in 1781. Now and then the Government would incorporate an organization to do some specific thing and, when the job had been done, the corporation was faded out. In 1929 there were four. Between 1929 and 1938, 27 had been created. Mr. Morgenthau said he would really like to get a line on them.

The information you desire is not to be found in the accounting records of the Treasury.

Reports were not complete

SENATOR BYRD asked the corporations—31 of them—to tell him something about themselves. Mr. Morgenthau cooperated in spirit and in act. He added this worry to his other worries. The 31 corporations said in effect that they were not having any. The U. S. Senate adopted Senator Byrd's resolution in which the 31 were told to tell all. They replied to the Senate in a report that must weigh at least ten pounds in its printed form. Until means were found to lessen the cost of printing some of the tables, the Government printer estimated the cost of printing at \$43,000. The corporations made their report to Secretary Morgenthau, who passed it on to the Senate. The corporations did not provide all the information requested. They told the United States

Senate—the Senate, mind you—that they did not think it would be wise to comply with the Senate's order in full. The Senate took this refusal sitting down. It did turn up a good deal of information, however, which is being used as a basis for the inquiry being made under Senator Byrd's second resolution. This report may be made to the Senate shortly after this article reaches print. It will be worth the attention of the reader.

U. S. Senator Byrd and Secretary of the Treasury Morgenthau, working as a team, were only able to discover 31 government corporations. The latest report of the Comptroller General, however, lists 44. Just where the added 13 were hiding when Byrd and Morgenthau went hunting is not precisely known to this writer. The probabilities are that they were not hiding at all. No one had heard about them and they did not know they were wanted. They will presumably be dealt with in the next report, made in compliance to Byrd's second resolution, and will not be touched on here. As a point of departure it will be noted that the 31 corporations reported that:

They claimed assets totaling \$14,321,000,000.

They admitted liabilities totaling \$9,185,000,000.

The excess of claimed assets over liabilities was therefore \$5,136,000,000.

But there is a fly in the cup.

No one knows the real value of the assets. Those claimed are only book values. The corporations refused to state what the book values were really worth on the market. They said they had no time to make appraisals, and that, in any case, appraisals would be very expensive, to which

Secretary Morgenthau added a note. The Secretary, who by this time was doing some really fine worrying about the 31 corporations, pointed out that "valuation must contemplate the orderly process of liquidation in the course of continued business activity" which, when otherwise stated, seems to mean that, at some future happy time, the Government might be able to get its money out. Mr. Byrd wanted to know the names of the Government's debtors, too, being of the conviction that a great many interesting facts might be revealed if it were discovered just who had been doing all the borrowing. Mr. Morgenthau said that it would not be in the public interest to name names. It was about this time that a man in government service by career and not by politics discovered that it was possible for a farmer to borrow 112 per cent of the value of his farm and all its tools and appurtenances if he knew how to go about it and then continue to stay on that farm without paying taxes or interest for a period depending on the good will of a government official.

Widespread holding companies

OMITTING the 13 government-owned corporations turned up later by the Comptroller General, the 31 which reported to the Senate under the first Byrd resolution are:

The Electric Home and Farm Authority
Farm Credit Administration
Banks for Cooperatives
Federal Farm Mortgage Corporation
Federal Intermediate Credit Banks
Federal Land Banks
Production Credit Corporations
Regional Agricultural Credit Corporations

(Continued on page 62)

The General Accounting Office was formed to audit Government books. It has been fighting for its life for 17 years



Roto is Second Only
to Page One
in Women Readers*

*Count the Readers per dollar
instead of Lines per dollar*
... THEN YOU'LL GO ROTO, TOO!

Roto is Second Only
to Page One
in Men Readers*

For National, Regional or City Coverage... Use Roto...the Class of the Mass Circulation

IT'S READERSHIP that determines the value of an advertising medium. Rotogravure's ability to attract a maximum number of potential reader-customers has been proved again and again by continued reader-tests conducted under the famous Gallup method. These tests show that in newspaper reader traffic, Rotogravure is second only to page one in volume!

In addition to providing more potential reader-customers, with Rotogravure advertising you can cover better than 50% of all the nation's homes. Or, should your needs require only local promotion, Roto's flexibility allows the use of its tremendous power to help you increase sales in selected cities or zones. Furthermore, in Rotogravure sections your advertising gets "preferred

position" regardless of the page it appears on because the interesting pictorial content of this effective yet economical medium sustains reader-traffic on every page. Include Rotogravure on your next advertising schedule and let its quality atmosphere put prestige and power into your selling messages.

For more information, write Kimberly-Clark Corporation. We maintain a service, research and statistical department for the convenience of advertisers and publishers. There is no charge for our service.

*Based on a continual analysis of reader traffic in 21 papers in 17 key cities.

Kleerfect *Rotoplate* *Hyfect*
REG. U. S. & CAN.
PAT. OFF. REG. U. S. & CAN.
PAT. OFF. REG. U. S. & CAN.
PAT. OFF.

THE NATIONALLY-ACCEPTED ROTOGRAVURE PAPERS

Manufactured by

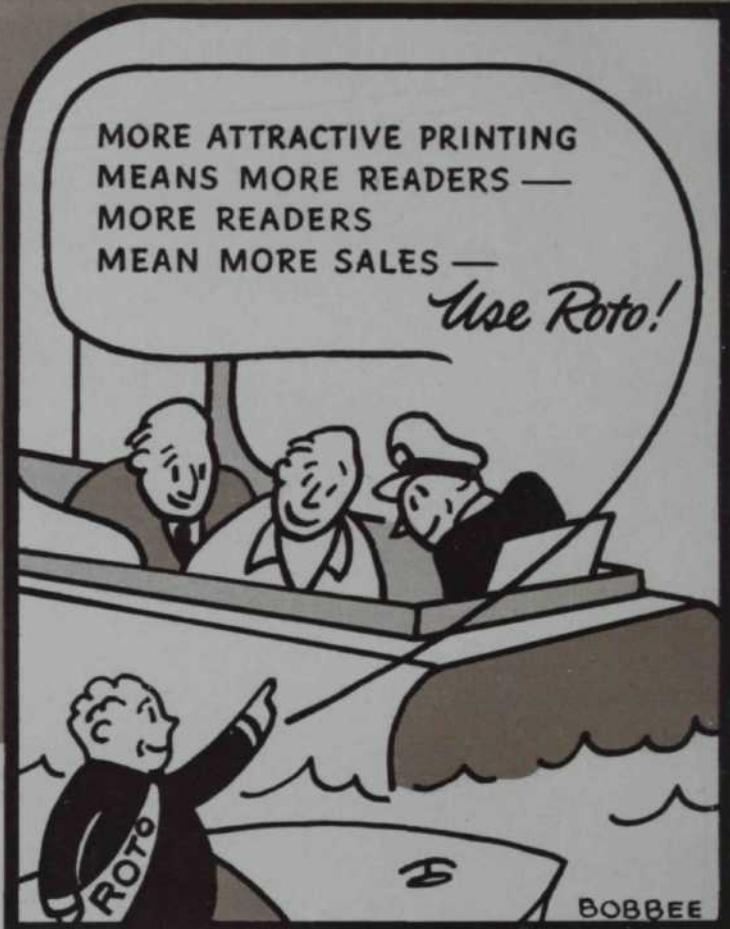
KIMBERLY-CLARK CORPORATION • Established 1872 • NEENAH, WISCONSIN

New York, 122 E. 42nd Street

Chicago, 8 S. Michigan Avenue

Los Angeles, 510 W. Sixth Street

GET MORE FOR YOUR MONEY WITH *Rotogravure*



IT TAKES more than good copy and expensive artwork to make your direct mail advertising, booklets and catalogues attract maximum reader interest. It's the presentation that counts. That's why foremost advertisers use Rotogravure printing. Roto gives to your advertising the same eye-appeal of quality that attracts millions of readers weekly to newspaper Rotogravure sections. This effective and economical method of

printing has proved its power to get added reader interest . . . and this added reader interest in your advertising is the plus that naturally tends to increase sales. Use Rotogravure in your brochures, circulars, catalogues. See for yourself the rich "feel," distinctiveness and punch Rotogravure gives to your selling messages.

Foremost advertisers use Rotogravure in rich monotone and in thrilling natural colors, be-

cause Roto gives the closest obtainable reproduction of original photographs, drawings and paintings.

You are invited to call in a Kimberly-Clark Rotogravure man for any advice you may need on Rotogravure printing. There is no charge for this service, which is available to you at each of our offices. If you prefer, write for advice and samples of these famous Rotogravure papers:

Kleerfect
REG. U. S. & CAN.
PAT. OFF.

Rotoplate
REG. U. S. & CAN.
PAT. OFF.

Hyflect
REG. U. S. & CAN.
PAT. OFF.

Remember, paper plays a vitally important part in the effectiveness of Rotogravure—choose it carefully! Compare the nationally-accepted Rotogravure papers made by Kimberly-Clark Corporation, listed above. They come in wanted weights and sizes to suit your requirements, to meet your budget.

Kimberly-Clark Corporation

Established 1872 — Neenah, Wisconsin

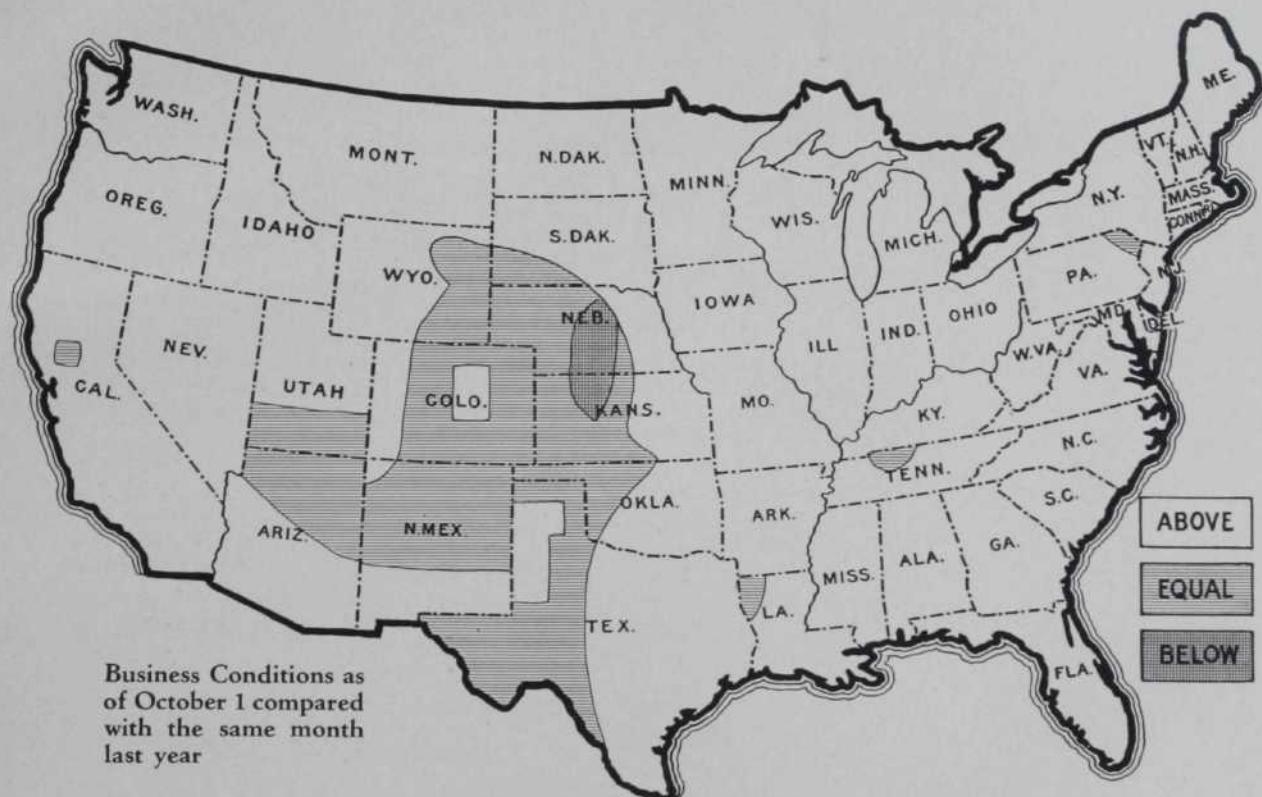
New York
122 East 42nd Street

Chicago
8 South Michigan Avenue

Los Angeles
510 West Sixth Street

The Map of the Nation's Business

By FRANK GREENE

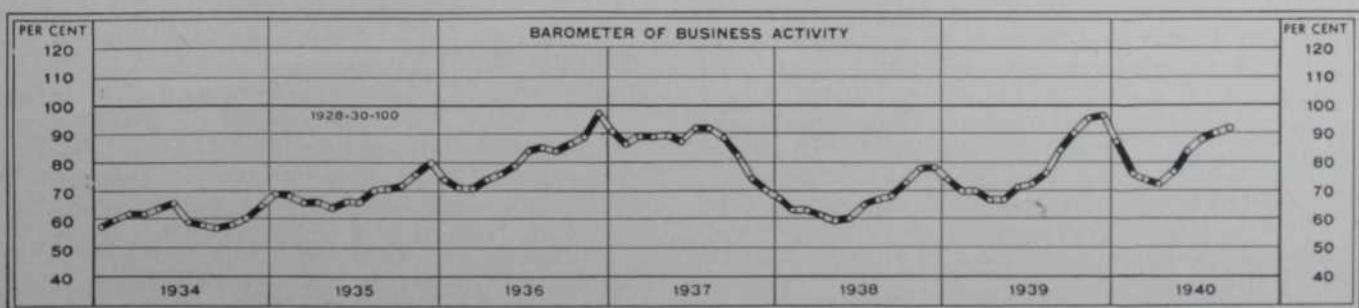
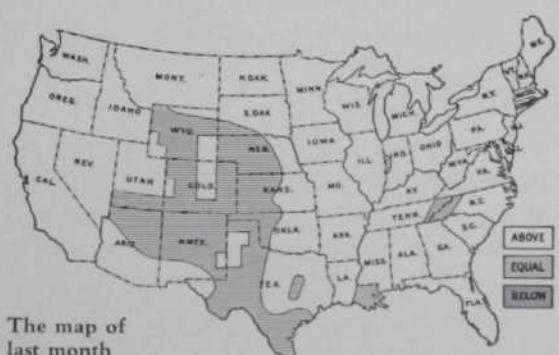


SEPTEMBER was featured by continued accumulation of orders, with capacity operations existing in many industries. Armament purchases pushed steel output to 92.3 per cent of capacity, while electric power equipment, aircraft, and machine tool manufacturers recorded tremendous back-logs. Automobile production leaped ahead under the impetus of low field stocks and unfilled retail demand.

Electricity output passed all previous records. Heavy railroad equipment orders were placed as car loadings reached the year's highest levels. Engineering awards were 75 per cent above September, 1939, with public as well as private building reflecting the defense program.

Securities prices recorded irregular advances with transactions the heaviest since June, while commodities moved into new high ground. Non-ferrous metals were stronger under heavy demand, while Government orders stimulated textile markets. Retail and wholesale trade volume held close to the good levels of August.

Generally better than expected crop returns and expanding industrial operations are reflected in a slight lightening of the Map



Stimulated by the combined influence of the defense program and foreign war developments, the Barometer for September continued its upward course for the fifth successive month

Washington and Your Business

Going to War for a Rainbow

A CONGRESSMAN said his great-great-grandsire was with Swamp Fox Marion during the Revolution, another of his breed fought in 1812, still another was at Monterey, an uncle was a foot soldier with Lee, and he was in the A.E.F. Now his son is in the Navy.

"Looks as though the boy might be called on to fight for dear old Indo-China," said the Congressman. "All those grandpappies of mine must be rolling around in their graves."

He could not see, said the Congressman, how we can get into the war anywhere but in the East. The other doors are closed.

Noiseless Duel Being Fought

ONE of the interesting incidents of the campaign has been the silent shoving match between John L. Lewis and the President. Neither man likes the other. Neither makes any particular secret of that fact. If Lewis, before election day comes, were to give Mr. Roosevelt support of any sort he would be flying in his own face, which is admittedly a hard trick to do. But if he does give support he might drive a good bargain for the C.I.O. The President, naturally, has hoped for the backing of the C.I.O. He would prefer to get it without cumbering the premises by Mr. Lewis's tufted and angry presence. Both sides pushing, but totally without reverberations.

Hanes and Jones on the Cards

GOSSIP is that, if Wendell Willkie is elected President, he will make John W. Hanes Secretary of the Treasury and Jesse H. Jones will be continued as Secretary of Commerce. Hanes resigned as undersecretary of the Treasury because the New Deal's financial methods revolted him, and Jones is said to feel that even he—and he's good—could not restore Commerce to working order in less than eight years.

Apologies for More War Talk

much worse, Britain will insist—some say Washington knows all about this—on Indo-China as a partial recompense for her war costs. This may bring us in, the talkers say, as a Defender of the Realm, an antagonist of Japan, who is trying to cut her own slice out of the *status quo*, and presumably as an ally of Britain against an outraged France when the war is over. Or the emergency, if you like it better that way. It may all be just a mirage.

Make Way for the Skodas

Germany and the Schneider-Creusot in France. Now the A.P. writes:

"Defense officials predict that work will be in full swing in a few weeks on the last of a \$569,000,000 string of 50 or more government-owned munitions plants."

A CONGRESSMAN said his great-great-grandsire was with Swamp Fox Marion during the Revolution, another of his breed fought in 1812, still another was at Monterey, an uncle was a foot soldier with Lee, and he was in the A.E.F. Now his son is in the Navy.

The same day Secretary of the Navy Knox stated that the Navy has \$50,000,000 available for new shipyards' construction. But he emphasized that this figure may have been raised since the information was given to him.

Army officers stated that other munitions plants which had been financed by the Government would be taken over at the end of the emergency, if desired by their owners, "to be maintained as idle stand-by capacity."

Note Added in Passing

TAXPAYERS who will pay for these plants may be interested to know that a good many rifle experts say the Government's new semi-automatic Garand rifle—cost at factory

door \$88—is n.g. They say that, among other defects, the rifle would burn the fingers of a rifleman to a crisp after the sixteenth shot. The Army continues to like it.

Let's Try a Shot of Humor

BUSINESS men who may be saddened by these paragraphs are invited to regard the Santee-Cooper electric, flood control, navigation and mosquito breeding project in

South Carolina. It was planned as a \$12,000,000 job to make everybody happy. To date \$49,000,000, all federal money, has been put into it and it is only one-third complete.

The General Assembly of S.C. refused to invest a dime or accept responsibility for a split nickel. The state now exports one-fourth of all the juice its privately-owned utilities make, the navigation end is not likely to float a laden boat against the competition of the trucks, the floods to be controlled all ran off into the Santee swamps anyhow, and so did no harm, and the 200,000 acres of shallow ponds clogged with rotting trees will give S.C.'s malarial mosquitoes the happy hunting ground they have been praying for. Full particulars may be had from the *Charleston News and Courier* (Democratic).

Speaking of Our Assets

THIS department suffered a slight flash of pain when it discovered the other day that the Treasury still lists as assets the \$15,000,000,000 of debt due from the defaulting European nations. Add to that this year's deficit and our early spring indebtedness and the unknown number of millions for which the 30-odd independent and defiant government corporations have obligated the Government, and the cost of preparedness and the future cost of defense and then laugh it off. That's what Harry Hopkins does.

Covers Taken Off Mellett

NOTHING really happened to Lowell Mellett's status when he was formally named as one of the administrative assistants to the President. That is what he has been all along.

He had a salary and a rating as Minister of Information, his excellent staff dug up all sorts of statistics about the Government, and he was extremely valuable as a superpress agent. He is devoted to Mr. Roosevelt, he is in the pinkish band of the political spectrum, he is very likable and if he had ever gone to Hollywood he would have overlooked all the juveniles that settlement has ever been able to find. Smart, too. He is credited with suppressing Tommy Corcoran for a time, with Hopkins's aid, but Tommy

ONE WAY TO REDUCE FIGURE-WORK COSTS

Put the "kibosh" on OPERATING ERRORS!

With direct-operating adding-calculating machines, most errors are due to imperfect manipulation of the keys. Such "operating errors" add tremendously to the cost of figure work.

But NOT if you're using the Comptometer!

For the personal protection of the operator against such errors, Comptometer's exclusive Controlled-Key mechanism goes into action the instant such a misoperation occurs . . . locks the keyboard until the error is corrected—a matter of seconds.

Without the Controlled-Key safeguard, such errors would pass unnoticed by the operator.

The exclusive Controlled-Key safeguard represents an important reason for the Comptometer's remarkable record for *first-time accuracy* in all phases of adding and calculating.

Comptometer efficiency does not end there. Because of the time element involved in reading and writing answers, the new Model M Cushioned-Touch Comptometer features large, extremely legible answer numerals and new "no-

glare" answer dials—enabling the operator to read answers quickly and accurately with a minimum of eye-strain.

Your local Comptometer representative is prepared to show you (in your office, on your work) why "Comptometer Economy" means *more figure work handled in less time at lower cost*. Telephone him . . . or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina St., Chicago, Illinois.

COMPTOMETER

REG. U. S. PAT. OFF.

wiggled free. Not running with the ball as much as he used, however.

A Pan-Flash by a Senator

IT IS reasonable to suppose that Senator King of Utah was selected to send up that balloon about freeing Great Britain from the credit restrictions of the Johnson Act because he has nothing to fear in November. He has already been defeated for the nomination. No one rose to bring succor to the Senator when his proposition was turned down. From the White House to Senator Barkley, and that is a longer way than many people believe, no one could be found to say a kind word. Immediately after Mr. King's personally conducted flash in the pan statistics were produced by those who are still interested in saving a little American money to show that Britain is not as yet in need.

Right from the Horse's Mouth

MIGHT be worth while to put out a small bet that, right after election, all sorts of help will be sent Great Britain. Cash money and credit, bombing planes and destroyers. Information as reliable as it is possible to get is that promises were made to Britain of certain specific things in the month of September, delivery to be made in or immediately after November. Every one concerned swore on the hilt of his sword that he would never tell. Britain will barter something for whatever is given, but at the moment of writing the few who know what the trade is to be do not tell.

A Dash of Skulduggery

THE devious ways of politics are illuminated by another incident. Every one knows that if the Logan-Walter bill ever becomes law the cocky independence of the bureaucrats will be toned down. They have been judge, sheriff and jury, and the unfortunate citizen who bucks one of them is just out of luck. It appears now there is a chance of passing the Logan-Walter bill after election, when the Democratic rebels will have less to fear from administration enmity. Once the Senate did pass it, but backtracked when Minton of Indiana pleaded that he had not studied it, although it had been kicked around the premises for two years. The House passed it with a two-thirds whoop. The Republicans endorsed it at their national convention, which has been a political handicap. Senator Wagner blocked a similar endorsement by the Democrats at their national gathering, and would not even permit Representative Walter to appear before the Resolutions Committee. Yet the telling is that, when Congress gets back to the job after election, the Senate will make an honest law of the Logan-Walter bill. Once the Senators are firm in their seats for another six years they will let their consciences be their guide. So they say.

Some Hearty Gloom Ahead

ANY one interested in what taxes may be in the future is invited to consider the plight of one of the great companies which deals directly with the consumer. The new tax law will increase its annual payment to the Government from \$8,000,000 to \$22,000,000. The mark-up is already in progress. Always it is the little guy who pays the bill.

A Sour Note Being Sounded

IN the Bureau of Internal Revenue the claim is made that a fair and intelligible tax bill was drafted and sent to Capitol Hill. Whereupon, says the Bureau with a pained but anonymous voice, Congressmen with the aid of the professional drafters made a ridiculous hash of it. Not many

even profess to understand it and those who say they do, do not like to talk about it. It is unlikely that there will ever come a time when the executive end will be satisfied with what the legislative end does on anything. And that is a statement that goes both ways. For 150 years the scheme has worked fairly well.

We'll Not Call It Blackmail

ONE of the big banks was invited by the Treasury to subscribe for \$1,200,000 worth of bonds:

"You will only be assigned \$600,-

000," said the Treasury man, "but

we want to have a nice, fat oversubscription. Make things look good."

"That isn't decent banking," said one director to the Board.

The other members of the Board agreed that it was not decent. But they said they would make the subscription just the same. They did not want to have examiners in the bank's hair for the next few months.

Another One of Those Things

NOW and then even those who most firmly believe that Government can do anything better than private business can are confronted with the need for explanation. The Navy has had a bureau of ship planners hard at work for years. No suggestion is made that its members are not excellent ship architects, but when the Navy needed plans for 45,000 ton battlers it called men in from the private yards. Same thing happened when those new light cruisers wagged their tails at high speed like hysterical ducks. It just proves something.

One of Those Little Puzzles

THERE has long been a feeling in some circles on Capitol Hill that the State Department should insist that Mexico treat American citizens and property with something approaching respect. The State Department preferred to walk softly and have no truck with any big sticks.

Then State sent a bill up for passage which would permit the President to refuse admission to property that had been expropriated by any foreign government. Maybe State was thinking about American-owned oil in Mexico. Maybe it was not. A doubting House refused to pass it, on the privately expressed theory that in it might be found some new way of getting us into war. Information straight from Mexico, however, is that every time another billion or so is voted for our national defense Mexican friendship for us grows a little warmer. A friendly understanding seems to have been reached with the new president Camacho.

Advance Rating on L. Warren

LINDSAY WARREN will soon take his post as Comptroller General. Previewing is that he is firm, sound, and unshakable by politicians. The House is wishing its recent associate the best of luck. This will not, however, prevent either the legislative or the executive branch from turning the heat on Warren whenever he disapproves some of the favored spending of either. His new job calls for plenty of sunny philosophy, good-tempered cynicism, and a chilled steel spine. It is to be hoped that, at the close of his 15 year, non-refillable term he will still love his fellow man.

Spot Here for a Benediction

IT is worth noting that Richard N. Elliott, who has been Acting Comptroller-General and continues to be the Assistant C.G., seems to have done a good job. This was the more difficult because he lacked the protection that the Senate's confirmation gives Warren. These reflections are at de-

Wings...ON THE PRODUCTION LINE



Air strength calls for plant speed. Industry meets the increased demands of defense with stepped-up production line methods.

Texaco fulfills major assignments both before and after. Before, by providing efficient lubrication for the tools and machinery that produce airplanes. After, in providing outstanding lubricants—and fuels—for flying. Through more than 2300 supply points and alert engineering service—Texaco serves industry and America.

THE TEXAS COMPANY

—in all
48 States



An ANNOUNCEMENT

GENERAL MOTORS

recognizes the present emergency. It realizes its duty to the nation to advance in every way within its power the program of National Defense. It has already assumed most important obligations. But in addition General Motors believes that industry today has a second responsibility—one of vital consequence. American defense demands first call on those products of industry, both as to scope and volume, which are essential to protecting the nation against aggression. It also demands, even though the fact be less generally recognized, a sound and virile economy. One is the complement of the other. A sound economy is essential to the objectives of the defense program.

In line with its conception of this dual responsibility, General Motors presents at this time its 1941 offerings of motor cars. It has combined with the important responsibilities it has assumed under the defense program its normal responsibilities incident to our peacetime economy. The new line of motor cars is now on display before the critical judgment of the public at the Automobile Shows and in General Motors dealer showrooms in every community throughout the land.

It has always been the policy of General Motors to build into its products the greatest possible measure of value. It has created an engineering group which, from the very beginning of the industry, has

made far-reaching contributions to technical progress. It has contributed importantly to the motor car's becoming the serviceable mechanism of today. From the electric self-starter in the early days down through the years, one engineering achievement has followed another. And in great variety: tilt-beam headlights, Duco lacquer finishes, crankcase ventilation, syncro-mesh transmission, Fisher No Draft Ventilation, Knee-Action wheels, Turret Top, automatic transmissions and steering column gearshift.

But that is not all! General Motors technicians have demonstrated their versatility by developing such engineering products as the Diesel locomotive, destined to revolutionize transportation by rail. The Allison engine—an outstanding development in aviation engine practice and now coming into mass production—is making a contribution to one highly technical phase of the problem of National Defense. And in an allied field, tetra-ethyl lead as a component of gasoline has revolutionized the relationship of the fuel to the engine, producing more power with less weight and with greater efficiency. As a result, not an airplane leaves the ground today without in effect reflecting tribute to the technical capacity of General Motors. We are proud of this record of accomplishment. It is the accumulated experience of such an engineering group that has been built into the General Motors 1941 models.

In the different lines of motor cars com-

prising the General Motors offerings, there will be found countless refinements and innovations—some in some cars, some in others, but reflected to an important degree in all:

A technical improvement of importance is a new fuel system—Compound Carburetion. It is an innovation in motor car engineering practice. To the regular carburetion system is added a second, or supplemental, carburetor which can come into action when the driver requires additional performance. In effect, but not in principle, it is like the supercharger. The engineering benefits resulting from this achievement take the form of added performance and increased fuel economy. This is exemplified in Buick.

A safety feature worthy of note, based upon the Unisteel Turret Top body introduced by General Motors some years ago, consists of all doors being swung from the front. Thus they open against the wind-stream of a car in motion. This tends to eliminate the hazard of doors swinging open if accidentally unlatched. The same feature provides greater convenience for front and rear door passengers alighting from the car at the same time.

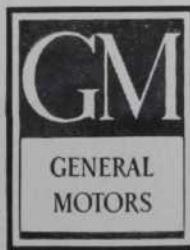
A year ago General Motors announced a new mechanism to connect the axle with the engine—the Hydra-Matic drive. You simply steer! The clutch is entirely eliminated. That is a most important feature. The changes in gear ratio or speeds are automatic. This device is designed to take the transmission out of driving technique. And it does! This has been exemplified in Oldsmobile. The outstanding acceptance of this Hydra-Matic drive as evidenced by the testimony of many thousands of enthusiastic users has had a stimu-

lating effect in accelerating the industry's progress in this important field. Thus is progress broadened. In a more highly refined and somewhat simplified form the Hydra-Matic drive will be continued in the 1941 line. You certainly will be intrigued when you see and try this interesting mechanism.

But the modern motor car has become more than something in which to go from place to place. For many it is something to live with. Hence more comfort, more luxury of appointment and increased roominess characterize the new designs. General Motors 1941 cars are larger. The seats are wider. Thus there is more room for both passengers and baggage. The concealment of running boards inside the body is another innovation. The appointments are more luxurious. These should be important considerations in determining the motor car you will drive in 1941.

Nor is that all! The "Torpedo" type—the body sensation of 1940—has been continued with even greater appeal. And there has been added another body creation—the aerodynamic type. Everyone should see and try it!

General Motors hopes that when you have seen and become acquainted with these 1941 motor cars you will be as enthusiastic about them as we are. And that you will get as great a thrill out of their interesting features, their performance, attractiveness, serviceability and utility as we have in their creation and in presenting them to you at this time.



Alfred P. Sloan Jr.

Chairman

GENERAL MOTORS CORPORATION

liberate variance with the usual rule to pat an officeholder's shoulder most heartily when he first goes to work.

Dead Mouse in This Closet

ment's expenses for day to day operations, no defense items included, will this year be more than \$7,000,000,000, which is about \$400,000,000 more than our total revenues. On about the same day Secretary of Commerce Jones stated that the income payments for 1940 will be substantially higher than in any year since 1930. These facts when put together produce melancholia.

How to Run a Government

in his place by President Roosevelt. Members Leiserson and Smith cannot agree on many cases that come before them for decision. The Board is thousands of cases in arrears and getting farther in arrears every day. Madden has political friends and political enemies. Election is on November 5. That's all.

Acute Case of Lèse Majesté

"Captain Roosevelt was made a captain in the Procurement Division," said he. "It is therefore highly unlikely that he will be called on to make the Supreme Sacrifice."

Tin Fix Is Not So Worrisome

terests proposed to build an immense smelter to handle the Bolivian tin, (B) enormous tin deposits were discovered in Egypt, and (C) it is stated that synthetic rubber can be sold for 25 cents a pound when the new process is in production. And a (D) reason why the State Department, after a period of bellicosity, sent out word to pipe down on war talk is that the East is 4,000 miles away, the Japanese are already in Indo-China with a fair-sized shootin' army, and our army as yet is only "on order."

Thar's Fish in Them Halls

it is, but it is still the fact that it isn't the Fishery Bureau's fish one smells as one walks through Commerce's palatial halls. Two years ago C.A.A. was praised for the extraordinary safety record of American aviation. Then President Roosevelt turned it over to the Department of Commerce, during Harry Hopkins's reign, Congress gave it \$32,000,000 more for the year than it had been able to get along on previously, accidents began to happen, and the organization began to go to pieces. Off the record, both Army and Navy say all the fledgling pilots have been taught must be untaught before their military teaching can start. Assistant Secretary of Commerce Hinckley is trying to pull a bombproof over the C.A.A., but the indications are it will come in for a terrible shelling in 1941.

IN the event that any one is still interested in our national finances it may be observed that Sen. Harry F. Byrd, Democrat, Virginia, recently told the Senate that the Govern-

ment's expenses for day to day operations, no defense items included, will this year be more than \$7,000,000,000, which is about \$400,000,000 more than our total revenues. On about the same day Secretary of Commerce Jones stated that the income payments for 1940 will be substantially higher than in any year since 1930. These facts when put together produce melancholia.

AT the moment of writing, Chairman J. Warren Madden of the Labor Relations Board has not been reappointed. His term ended more than 50 days ago. No one has been named

in his place by President Roosevelt. Members Leiserson and Smith cannot agree on many cases that come before them for decision. The Board is thousands of cases in arrears and getting farther in arrears every day. Madden has political friends and political enemies. Election is on November 5. That's all.

PERHAPS the sourest crack made about President Roosevelt's appointment of his son Elliot as captain in the Army was made by a staff officer:

"Captain Roosevelt was made a captain in the Procurement Division," said he. "It is therefore highly unlikely that he will be called on to make the Supreme Sacrifice."

NOT long ago we were being told by a number of Mr. Biggies that we might be forced into war in the East to protect our supply of tin and rubber. Then (A) private banking in-

terests proposed to build an immense smelter to handle the Bolivian tin, (B) enormous tin deposits were discovered in Egypt, and (C) it is stated that synthetic rubber can be sold for 25 cents a pound when the new process is in production. And a (D) reason why the State Department, after a period of bellicosity, sent out word to pipe down on war talk is that the East is 4,000 miles away, the Japanese are already in Indo-China with a fair-sized shootin' army, and our army as yet is only "on order."

THERE will certainly be a congressional investigation of the C.A.A. in the next session. The Civil Aeronautics Authority may be as smart and spotless as its head men say

More Trouble in Tax Law

TAX experts here are advising their corporation clients to pay taxes under the new patchwork only under protest. They do not know what it means. Neither, as yet, does the Treasury. The Treasury is given authority to adjust tax bills if "abnormalities" are discovered in a corporation's income. The Seven Wise Men could not tell what the "abnormalities" will be.

Just Another Funny Story

ONE of the inducements President Roosevelt offered to Congress when he was trying to get that body to lock the door and go home was that he would have no other major legislation to put before the members in 1940. The outlook is, however, that he will ask more money for defense some time in December. Most of the money already allotted has been covered by contracts. If the war flush is to be kept going, more money will be needed. One prophecy is that the size of the Army will be increased. Naval and military works will be offered the Latin American republics, on the condition that we furnish all the metal parts. The Bureau of Roads does not want that supergrid highway system, but it is mighty likely to get it just the same. There will be a proposition for under- or overpassing all railway crossings. A scheme is being worked on for providing the railroads with the 100,000 or more new freight cars they will need this year as a part of the defense program. The roads must ultimately pay, of course.

Round Heels in High Places

REGRETS are heard in administrative quarters that Attorney General Jackson does not play his role straight.

When the Defense Commission asked him not to attack the pipe lines:

"If you do the work of national defense will be hampered," said William Knudsen.

Mr. Jackson said why, certainly, he would let the pipe lines alone. He had intended to include them in the anti-trust suit his assistant, Mr. Arnold, seems finally to have bullied him into launching, but he said he had discretionary powers and would use them. He would not do anything to impede the defense program. Then he made an "informal" ruling, quoting no statute, decision or precedent, and gave the N.L.R.B. authority to hold up federal contracts made with firms trying to assert their constitutional right to an honest hearing in the courts on any dispute with labor. The N.L.R.B. now consists of one friend of labor and one man charged with being a communist. Blazing fat spattered all over the stove. Jackson went into reverse, explanation, and denial. The incident, said one very highly placed man in the defense program, illustrates the "inscrutable cockeyedness" of the New Deal. He finds it difficult to keep the program going against constant interference.

This Is Why Willkie Waited

WHEN Alfred Landon began to slip in 1936 Wendell Willkie said: "He began his run too soon. The radio has changed campaigning conditions. In the future you will see that the candidate who holds off until September 15 and then makes his run in the stretch will improve his chances."

Willkie has courage enough to adopt his own theory in 1940.

Herbert Corry



In the development of radio—that important influence in modern life—Western Electric equipment has played a big part.

Here are the main routes of the high quality Bell System lines employed in broadcasting service. The "network broadcast" travels over these wires.

The thousands of miles of wire and cable, the poles, the countless items of apparatus were supplied by Western Electric, manufacturer and purchaser for the Bell System.



Telephone company "control offices" like this one, Western Electric equipped, are located at important cities. They switch the network program to selected broadcasting stations.



To keep the program at full brilliance, Western Electric vacuum tubes at "repeater stations" amplify the electrical impulses with complete fidelity.



So, out of the telephone art has come much of broadcasting's plant. This apparatus is made by Western Electric with the same skill as your Bell Telephone.

Western Electric

*... is back of your
Bell Telephone service*



PETHOLAGAR LABORATORIES, INC.

The doctor is a healer. Money and economics are secondary matters to him

Cutting the Doctor's Bill to Fit

By FRED DeARMOND

COST of medical care is familiar stock in trade of critics of private practice and fee system. What the doctors are doing in their own right to make their services available through time payments and insurance is an important contribution in the public interest and to public health

MORE goods for more people at less cost is the objective of business and industry. The medical profession is shooting at a similar target—better medical service more readily available to all who need it.

Social reformers are free in flinging the charge that 40,000,000 Americans in the low income and indigent groups are ill-doctored. Most doctors deny this and say it is largely an excuse for the demand that all healing facilities be socialized as State functions. These two contrasting philosophies were appraised in "The Case for Private Medicine" (NATION'S BUSINESS for May).

On its own initiative, the organized medical profession is moving aggressively to counter this threat of domination by social doctors in Washington. If there is a germ of truth in the criti-

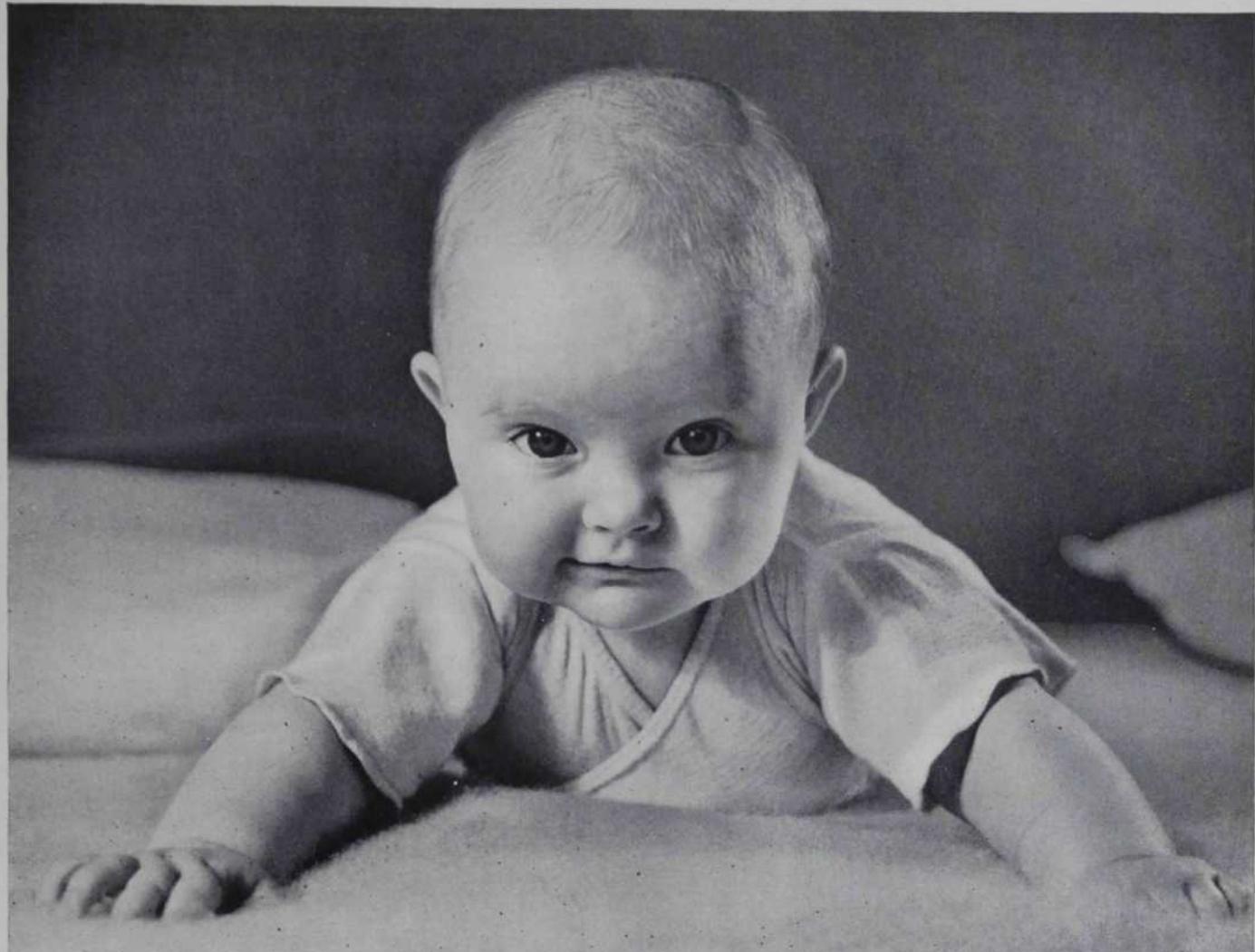
cism that the cost of medical care raises a national health hazard, the series of broad-gauged cooperative experiments now in progress should reveal it and point the way to further improvement.

Attention is directed at three economic groups—the indigent, the low-income and the middle class—each of

which calls for a different approach.

It must be clear at once that responsibility for the indigent—those unable to pay anything at all for their care—must be shared with the doctors by society at large. The profession already had wrestled earnestly with this problem before social workers discovered it and political messiahs made capital of it.

The doctors' aim has been to see that all who required their services should obtain them, whatever their economic status. During the hard times from 1932 to '38 more than 200 county medical societies took direct, voluntary action by pooling their resources and entering into agreements with relief authorities to provide medical care for the growing army of the indigent. In states like Pennsylvania there was state-wide di-



NOT ON YOUR LIFE, YOUNG MAN

You think your parents do all the work of keeping you safe. Well, sir, they do everything they can, but . . .

In that hospital where you were born, could your daddy have arranged to make danger from fire almost non-existent?

He's a big man, but all by himself could he have got the church where you were christened and the school you're going to attend built under improved building codes?

And could your mother have fixed it that none of her electric appliances would be a threat to the safety of your home?

Needed for jobs like these are 200 capital stock* fire insurance companies, working *together* through their national organization, The National Board of Fire Underwriters. *They can make your young life safer . . . and they have.* You have 200 bodyguards you've never even seen.



These bodyguards are practical folks. Making property safer from fire not only safeguards your life but reduces the cost of the insurance your dad carries on your home.

When you enlist the services of a skilled insurance Agent or Broker in planning proper insurance coverage, his job has only begun. Throughout the life of your policies he will keep your insurance problems under constant supervision.



THE NATIONAL BOARD OF FIRE UNDERWRITERS
85 John Street, New York • Established 1866

***CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized *public* services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.

rection in cooperation with state and county Public Assistance Boards.

In seeking to reach the second, or low-income group, the organized profession in 26 states made agreements to serve Farm Security Administration clients. Most common arrangement is for the F.S.A. to lend money to farmers to be pooled in a trustee account for disbursement on a *pro rata* basis as the need arises. In some of these states the physicians' fees agreed upon were very small. In North Dakota doctors had to accept a small fraction of the contract fees.

To serve better both the low income and indigent economic zones, the pro-

fession began to organize local medical service bureaus or clearing houses on a large scale. Through these agencies, the indigent are "filtered" into the proper hospital, clinic, institution or doctor's office. The medical service bureau also became the agency for administering what has come to be known as the postpayment solution of this "physio-economic" problem of the low-income people.

Postpayment is budgeting the cost of an illness within what appears to be the patient's ability to pay, the scaling down of all bills accordingly, and their payment in installments. Because so many different creditors are involved,

this calls for a central clearing house.

A man who earns, we will say, \$22 a week and who has no savings to speak of finds that surgery is necessary for a member of his family. It is not a charity case; he is willing and expects to pay what he can. His doctor sends him to the medical bureau. After he has given the bureau all the facts about his status, it is decided that he can afford to pay \$75 at the rate of \$3 a week. The operation is performed and an account set up on the bureau's books. The \$75 is apportioned among surgeon, anesthetist, hospital, consultant and any others who may participate in the same proportion that the normal charge for each participant bears to the total for all. As payments are made, the money is allocated to the several creditors—usually with a deduction of ten per cent for administrative costs. Ordinarily there is a provision that first payments go entirely to the hospital, because it has contributed a direct expense outlay.

Help where necessary

IN THE nation's capital this function formerly was performed by two agencies, the Medical-Dental Service Bureau and the Central Admitting Bureau for hospitals. Out of a combination of these two has evolved the Health Security Administration, a unique health facility that renders a much broader service than the usual medical service bureau.

Health Security Administration is affiliated with 17 hospitals and 11 health centers in the Washington metropolitan area, in addition to the medical and dental societies of the District of Columbia. More than that, it acts as trustee, executor or administrator of nine welfare funds, including the Washington Community Chest hospitalization fund. It spends certain tax funds which suburban counties turn over to it because this non-profit corporation can obtain more for the money than governmental units are able to do.

It will be seen, then, that H.S.A. functions as the integrator, or coordinator, that meshes together three gears in the social machine—necessities of the needy patient, facilities for his treatment, and the collective resources that make those facilities available. Note that No. 1 in this physio-economic health triad is "necessities" and not the more commonly employed "needs." There's a distinction.

Needs, or demands, are what the client himself may desire, and what he would buy if he had the money. Necessities are what experts decide he must have at the expense of others. A woman comes to the clinic and says she needs an artificial tooth in place of a discolored natural tooth. She probably will be told that this is "cosmetic dentistry." She "needs" it only as she might need to take a taxi instead of



In a hospital there must be only one type of care—the best. By prepayment, the well share the cost for the sick



Indigent patients waiting at Health Security Administration, Washington, to be interviewed and assigned to hospitals or physicians

riding a trolley. It is not a necessity.

Incidentally, this principle goes to the heart of the whole relief or welfare problem.

Anyone who requires health services can go to the H.S.A., state his case and, without more ado, be sent to the proper place, whether he can pay anything or nothing. All jurisdictional red tape is severed at a single stroke. If someone wants to know whether a person receiving old age assistance is entitled to dental care, or whether a resident of Falls Church, Va., is eligible for free ambulance service to and from a District hospital, it is only necessary to call H.S.A.

Whenever possible, patients are induced to pay something, however small. There was a fund available for testing of school children's eyes and providing glasses. A small army of boys and girls crowded into the clinic, clutching in sweaty palms the nickels and pennies to pay for the service. Another fund provides free drugs to the needy sick. Through a special arrangement with pharmacists the bureau obtains the drugs at cost.

Ross Garrett, H.S.A. administrator, believes that private agencies can achieve far more in this work than government. There's nothing like competition for inspiring efficiency, whether in business, welfare work or philanthropy, he says.

Stepping up now to the lower middle class—those whose earnings range roughly from \$1,000 to \$2,500 a year—we find an economic group who generally ask no favors but for whom an emergency illness may be a financial shock. For their benefit, the doctors are experimenting with prepayment plans.

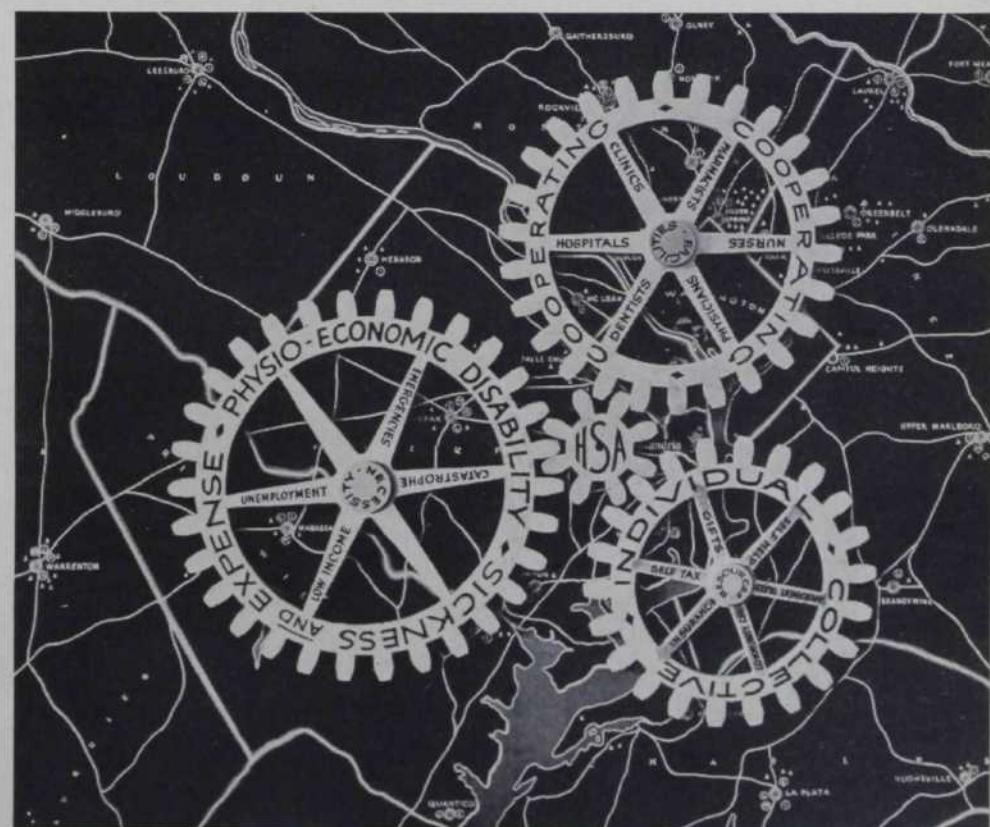
Modification of insurance

THE prepayment idea is an adaptation of the insurance principle—that is, the well help to pay for the sick. All who enroll pay a small monthly rate for which they receive treatment in the event of sickness, generally with certain limitations prescribed, as would be the case with a health insurance policy. Fourteen states have such state-wide plans either operating or being organized, as well as an undetermined number of local set-ups. Some of them—as in New Jersey, Massachusetts, Michigan—are based upon enabling legislation permitting the state medical associations to operate without the usual provision of reserves required of an insurance company. In these cases, the state insurance departments regularly inspect and supervise the service.

Typical of the whole movement is the Michigan Medical Service initiated in March of this year after extended study and investigation involving a cost of \$35,000. It is designed to serve only those whose annual incomes do not



It is hoped that group medicine will bring the patient to the doctor for more prompt preventive treatment



How Health Security Administration illustrates its service to the Washington metropolitan area. It is the center gear that brings together three indispensable health factors: the necessities of those physically and economically disabled, the facilities for treatment, and the resources required

exceed \$2,500 if married, or \$2,000 if single. The service covers medical and surgical care from doctors chosen by the member from among the 3,082 physicians in the state who are cooperating. Membership in the Michigan State Medical Society totals 4,425.

Included also are consultation ser-

vices, and special services such as X-ray, laboratory and anesthesia when performed by doctors of medicine (no specialists) and obstetrical services after membership for 12 consecutive months. In the case of tuberculosis, venereal diseases, cancer, alcoholism,

(Continued on page 74)

SHOULD YOUR COMPANY MAKE LOANS TO EMPLOYEES?

NEARLY every employee has at some time unusual expenses—a big hospital bill, for instance—which he can't meet out of savings or current earnings. His only way out is to borrow. But where? From his friends? His friends probably have their own money problems. From the company? Your company may feel that it hasn't the resources or the experience properly to finance the emergency needs of all your workers.

Where workers may borrow

To take care of this problem is the job of the modern family finance company like Household Finance. At Household the responsible worker can borrow up to \$300 largely on his character and earning ability. No endorser or bankable security is needed. No wage assignment is taken. The transaction is regulated by state law for the borrower's protection. Last year Household Finance made over 800,000 loans to workers in all branches of industry.

Borrowers at Household repay their loans in convenient monthly installments. Thus they can get out of debt without sacrifice of living standards. Below are some typical loan plans. Monthly payments include all charges. Charges are made at the rate of 2½% per month (less in many territories on larger loans). These charges are substantially below the maximum allowed by the Small Loan Laws of most states.

AMOUNT OF CASH LOAN	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	6 mos. loan	12 mos. loan	16 mos. loan	20 mos. loan
\$ 20	\$ 10.38	\$ 3.63	\$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	\$ 7.66	\$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in Maryland and several other states. Due to local conditions, rates elsewhere vary slightly.

Thousands learn money management

Household does more than just lend money. Borrowers receive practical guidance in money management and better buymanship. This service has helped thousands of families to get more for their dollars and to avoid unnecessary debt. Many schools use Household's publications on budgeting and buymanship as texts.

Why don't you send the coupon for further information about this helpful service for employees who need loans? No obligation!

HOUSEHOLD FINANCE Corporation

Headquarters: 919 N. Michigan Ave., Chicago
One of America's leading family finance organizations, with 282 branches in 184 cities

HOUSEHOLD FINANCE CORPORATION, Dept. NB-K
919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

Name.....

Address.....

City..... State.....

A Convention Delegate Takes the Floor

(Continued from page 25)

is to put a light on the speaker. Stage people know the value of spotlights.

Many a speech has been lost while trying to penetrate the smoke screen sent up by the audience. The solution lies in fresh air. Let it in—blow it in, declare a ten-minute recess and open all the windows, if necessary. Give both the speaker and his audience a better chance by allowing them Nature's requisite to a clear brain—fresh air.

The high-water mark on the convention program is the banquet. This combined gastronomic and oratorical affair is something different than that to which the ordinary delegate is accustomed. He sees a beflagged and beflowered ballroom, a long speakers' table ornamented with dignitaries elegantly, if reluctantly, arrayed in boiled shirts.

Finally, when the voluminous soprano and wandering accordion players have been shooed away and the speakers' table cleared for action, the situation is ripe for an inspiring speaker with an inspiring message. But if he double-crosses the mood of his audience, as many of them do, and attempts a long-winded exposition of dreary details, he will surely blow a fuse and break the circuit of attention between himself and his audience.

A chronic offender in the banquet scene is a party called the toastmaster. The purpose of this functionary is presumably to set the stage for the speaker of the evening—the Honorable Whosis—a Big Name usually brought in at Great Expense from a Distant Place, to sound the keynote for whatever purpose the convention has met. But any veteran of these ordeals will agree that, once the toastmaster gets in the groove, he is a

very uncertain entity, likely to explode at the wrong time or become a complete fireworks display in himself. At the last convention I attended the toastmaster was good. He was so good that, in the 34 minutes he was giving his memoirs, he stole the show. If only managers of conventions would hamstring their toastmasters to a scant five minutes, or, better still, purge them entirely, the experiment would indeed be noble. Otherwise, why not throw the speaking entirely out of the banquet scene and devote the evening to community singing?

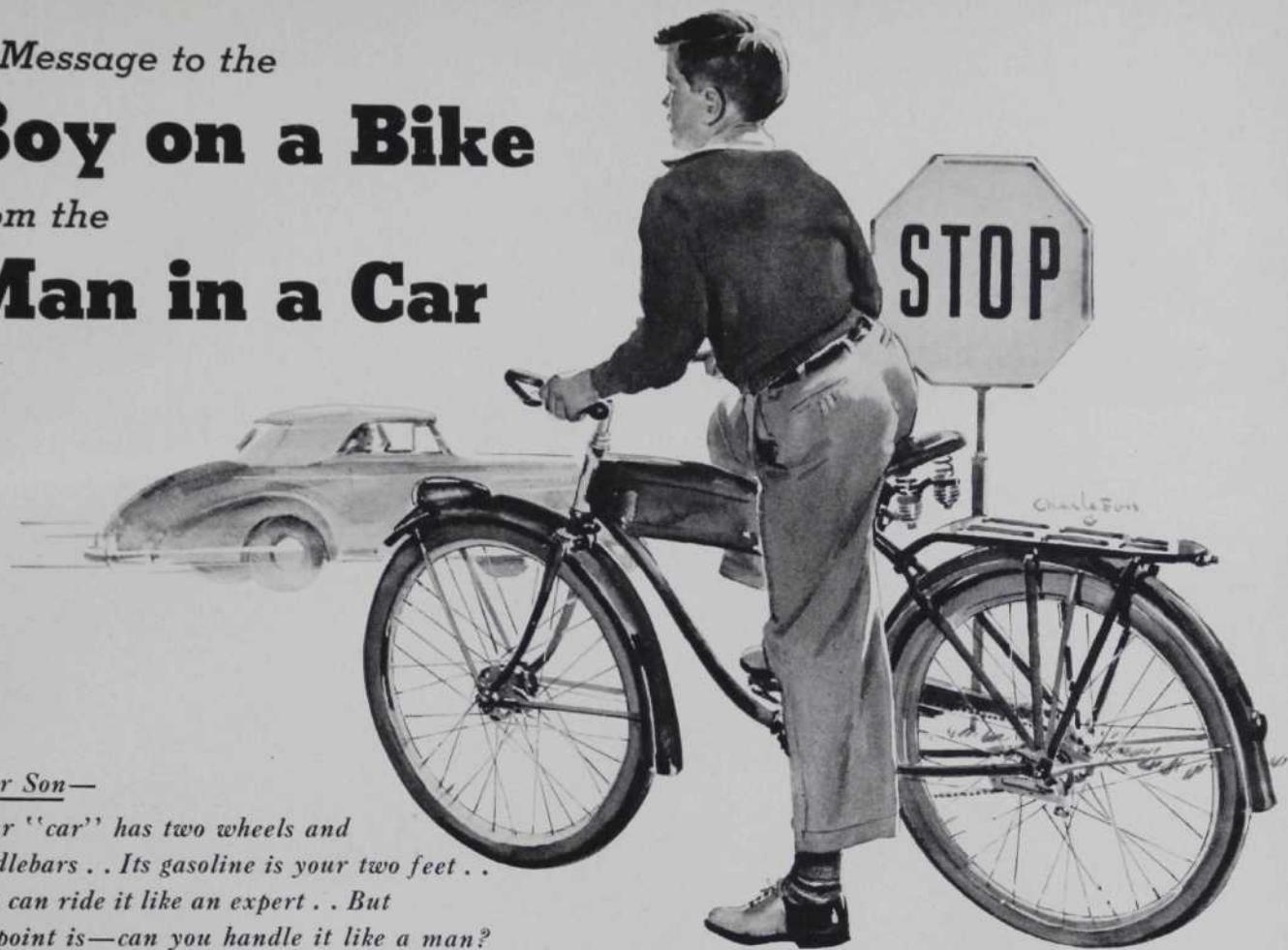
To the casual observer all these items may seem trivial but they constitute a fifth column which may rise up at any moment and sabotage the proceedings. The reform need not be violent; just a few simple corrective measures here and there will do the trick. If the ventilation is poor, a five-dollar-bill in the janitor's hand will help. If the speakers are dilatory about stopping, a small light glowing amber and red on the speaker's stand will serve as a reminder. Finally, let the arrangements committee get its dander up and word a polite note to all the participants, pointing out that the folks in the audience deserve consideration and would they mind incorporating a few suggestions for the good of all concerned?

Much time and money are spent in arranging conventions. Much that is good in them is wasted through poor speechmaking. We, the delegates, would like a little more inspiration and a little less wholesale education. We would like to be able to return to our jobs inspired to do the daily task better. If this can be done, will not the prime purpose of the convention have been achieved?



"All right! Clear out—you punks—I gotta get some work done!"

A Message to the
Boy on a Bike
from the
Man in a Car



Dear Son—

Your "car" has two wheels and handlebars . . . Its gasoline is your two feet . . . You can ride it like an expert . . . But the point is—can you handle it like a man?

You are in training now, on your "two-wheeler," to drive, in not so many years, a "four-wheeler"—our family car.

Today you need a bicycle; tomorrow you will need a car.

You know the rules and regulations for bike riding just as you know the rules for football and the rules at school.

You know how to ride, but do you know how to ride intelligently, courteously, carefully?

On a bike, it's your head that counts more than your feet.

On a bike, knowing when to stop or turn is more vital than knowing how to stop or turn.

On a bike, commonsense means more than civic rules.

You can be a Bully on a Bike or a Gentleman. You can "gang-way" into a group of smaller children, playing on the sidewalk—and see them scramble, or get hurt. Or you can think of them first.

You can be a fool on a bike or you can be bright beyond your years. You can hitch on trucks, run red lights, dart into traffic. Or you can be careful.

Remember, when bike hits auto, the auto usually wins; when bike hits child or even grown-up, bike usually wins. But in either event the Boy on the Bike—loses!

Thoughtlessness and carelessness kill more people than great wars.

Don't forget this, son—

The Boy on the Bike grows into the Man in a Car. If he is foolish on two wheels, what will he be on four? If he takes chances with footpower, what will he do with a car going five times as fast? If he is a Bike Road Hog, will he be the same when he gets behind a steering wheel?

This is the point, son—

*Learn on your bike to be a Man in your Car, for the years are rolling along and soon you'll be driving that car! * * **

To help make better bike riders who will grow into better automobile drivers, we have prepared a new booklet, "Bikes—and Boys—and Girls" on the use and abuse of bicycles. You may get copies without charge from the Lumbermens Agent in your city—or from our home office in Chicago.

What Makes an Insurance Policy More Than Just a "Piece of Paper?"

Naturally, the company that stands behind it.

But there is far more than that to a Lumbermens automobile casualty policy.

Years ago, this company became "safety-minded" for one reason; to cut down accidents in order that good automobile insurance could cost a motorist less, and his dividends would be greater.

Lumbermens sponsors the Kemper Foundation at Northwestern University for training police officers, and the "Not over 50 Club". In addition, the company has distributed millions of safety posters throughout the country.

But the problem of safety is too big to be selfish.

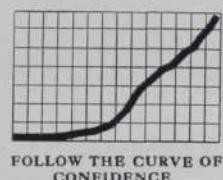
That is why Lumbermens is also running messages such as this in the interest of greater safety for you on the road.

When you buy a Lumbermens automobile policy your premium buys you not only safe insurance at low cost, but also contributes toward the crusade for greater motoring safety.

If you are "safety-minded"

yourself, don't you prefer to insure with the most "safety-minded" company in the business?

When you take out your next automobile insurance, call the Lumbermens agent. There are Lumbermens agents located throughout the United States and Canada.



Growth of Lumbermens policyholders since 1912, the year of our founding.

Lumbermens sponsors the Kemper Foundation at Northwestern University for training police officers, and the "Not over 50 Club". In addition, the company has distributed millions of safety posters throughout the country.

But the problem of safety is too big to be selfish.

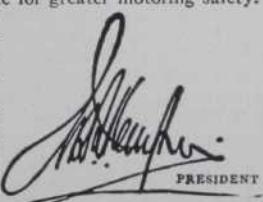
That is why Lumbermens is also running messages such as this in the interest of greater safety for you on the road.

When you buy a Lumbermens automobile policy your premium buys you not only safe insurance at low cost, but also contributes toward the crusade for greater motoring safety.

If you are "safety-minded"

yourself, don't you prefer to insure with the most "safety-minded" company in the business?

When you take out your next automobile insurance, call the Lumbermens agent. There are Lumbermens agents located throughout the United States and Canada.


James S. Kemper
 PRESIDENT

Lumbermens

MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President Home Office: Mutual Insurance Building, Chicago
 Operating in New York State as (American) Lumbermens Mutual Casualty Co. of Illinois



Leaders in the March of Business



C. W. Nash (left) and Geo. W. Mason

ACME



Dr. Frank Conrad receiving 50-year service award from Dr. R. E. Hellmund



B. H. Witherspoon with daughter and family pet



T. J. Strickler



P. D. Houston

WIDE WORLD

GEORGE W. MASON, president, Nash-Kelvinator Corporation, which has increased its volume of refrigerator business two and one-quarter times over 1939 and will this year build the greatest number of units in its 27-year history. This report closely followed the announcement of a new low-priced Nash automobile which will start at \$731.

DR. FRANK CONRAD, assistant chief engineer of the Westinghouse Electric & Manufacturing Company, began his career as a bench hand and, October 1, was awarded by chief engineer Dr. R. E. Hellmund, for 50 years of achievement. Dr. Conrad was responsible for broadcasting the Harding-Cox election returns over station KDKA just 20 years ago—the first regularly scheduled broadcast ever made.

B. H. WITHERSPOON, president, Spencer Lens Company, which is building a \$1,250,000 addition to its Buffalo plant to handle continually increasing orders for scientific optical instruments for educational institutions and defense requirements. The new addition is similar to another plant completed just one year ago and makes the company, together with its affiliate, the American Optical Company, one of the largest producers of optical instruments in the U. S.

T. J. STRICKLER, general manager of the Kansas City Gas Company, is the new president of the American Gas Association. He has been serving the association as chairman of the committee which supervises the gas industry's \$450,000 advertising campaign. Experience includes duty with U. S. Reclamation Service, Kansas Public Utilities Commission and Henry L. Doherty & Co. Also a director of the U. S. Chamber of Commerce.

P. D. HOUSTON, chairman of the American National Bank, Nashville, new head of the American Bankers Association. Began banking "apprenticeship" in early 90's and became president of the Nashville bank in 1918. A few years later he helped save 40,000 depositors of two banks from losses when he and his associates assimilated the institutions. In the same period he helped finance a bond issue to keep the schools open. His public service includes two terms on Advisory Council of Federal Reserve Bank.



“YES SIR-They gave me serum, too!”

Tom Bradley's friends say he is lucky—recovering so quickly and smoothly from pneumonia. Maybe so. But Tom probably owes his life to the fact that he called his doctor at the first warning signal—a signal which most people would have ignored as nothing more than a cold. As a result, pneumococci were detected and promptly and accurately "typed", providing the early diagnosis which is so vitally important for correct treatment and prompt recovery—for the doctor's best weapons are most effective in the early stages of the disease.

The combination of serum and

sulfapyridine may well be called a "double-barreled gun" for pneumonia. The serum provides the necessary anti-bodies while sulfapyridine inhibits the growth of the devastating germ.

Lederle Laboratories, Inc., a division of American Cyanamid Company, pioneered in the production of specific anti-pneumococcal sera. More recently, Cyanamid's chemical researches have provided the effective chemotherapeutic drugs which may be used separately or to complement type specific serum. Sulfapyridine and Sulfathiazole were co-dis-

covered and developed in Cyanamid's Research Laboratories. Thus Cyanamid has made another contribution to progress by helping medical science combat disease and restore health.



**American
Cyanamid Company**

30 ROCKEFELLER PLAZA, NEW YORK, N. Y.



Helping America deliver the goods

AMERICA's ability, not only to produce goods efficiently, but to deliver them where and when they are wanted, has become a keystone of our national strength. In our vast fleets of motor trucks—trucks of many types and sizes built to carry a thousand-and-one commodities—we have a fast transportation system that is ready to serve the Nation.

And as motor transportation takes on new importance, research to improve commercial vehicles and the engines and fuels that propel them takes on new significance. Rapid as automotive progress has been in the past ten years, engineers look forward to a decade of even greater improvements.

But the further development of motor transportation is a task not only for the makers of engines, engine parts

and materials, but also for those responsible for the development of fuels and lubricants. For fuels and engines are inseparably related in their use and development.

That's why we of the Ethyl Gasoline Corporation, through our Research Laboratories in Detroit and San Bernardino, are helping to coordinate the developments of the automotive and petroleum industries. Our research workers cooperate with refiners to produce fuels best suited to the engines of tomorrow and cooperate with engine designers to make the best possible use of such fuels. In addition, our field engineers work constantly with users of engines and fuels in the practical application of laboratory findings.

Our research facilities, together with the results obtained from many tests and experiments with possible future fuels, supercharged engines and engines having super-compression ratios, are always available to the technical men and organizations now planning to help America "deliver the goods."

* * *

Ethyl Gasoline Corporation, Chrysler Building, New York City, manufacturer of anti-knock fluids used by oil companies to improve gasoline.

*Better and more economical
transportation through
ETHYL RESEARCH SERVICE*

Wall Street's Grocery Stores

By MILTON W. JILER

"WALL STREET brokerage firms are getting to be more like grocery stores every day," remarked a boardroom wit to a neighboring chair warmer as the electric quotation board registered a sudden advance in butter futures. Following the idea through, the speaker asked his "customers' broker" how many different commodities could be bought in that particular office.

Checking revealed that this New York Stock Exchange firm held memberships on various commodity ex-

TODAY a rapidly growing number of New York Stock Exchange firms execute orders in commodities and, with the outlook so uncertain, almost everybody is either hedging or learning how to hedge

changes on which a total of 30 commodities could be traded. The complete list included barley, butter, cheese, cocoa, coffee, copper, corn, cotton, cottonseed meal, cottonseed oil, eggs, flaxseed, hides, lard, lead, mill feeds, oats, peanuts, pepper, potatoes, rubber, rye, silk, soybeans, sugar, tallow, tin, wheat, wool and zinc.

Actually, although only the larger commission houses hold memberships on every commodity exchange, most of the New York Stock Exchange firms now handle commodity orders. A few years ago, if you had tried to place a commodity order with the majority of firms, you would have been politely but firmly told to go to somebody who was in the commodity business. Almost daily, one or more commodity exchanges announce that some old line security house has bought a membership. Why this "grocery store" trend in Wall Street?

The answer is simple. A brokerage house sells service and exists on the commissions collected for that ser-

vice—the execution of orders. The trend of security business and commissions has been moving steadily lower in recent years while the volume of trading on most commodity exchanges has been increasing.

The reason for the increasing participation in commodity markets is that more people are learning how to trade in commodity futures. And, strangely enough, most of the "learning" is being done, not by speculators, but by business men who actually handle commodities in their ordinary business routine but who have hitherto been unfamiliar with the commodity futures markets.

This education of the business man in the ramifications of his own business has been the direct outgrowth of unsettled conditions in economic and political spheres. With the outlook so continuously uncertain, everybody is either hedging or trying to

learn how to hedge. The outbreak of war in September, 1939, gave increased use of futures markets a definite spur.

In many trades, which have no organized futures markets, offerings suddenly disappeared and it was extremely difficult and often impossible to buy needed supplies.

A good example is jute, the textile fiber that ranks second only to cotton in volume of consumption. From early September to early December, the price of jute in New York advanced from 4 1/4 cents to 11 cents a pound. There were wide gaps between sales and often the quoted prices were purely nominal.

Other commodities also advanced sharply in price as a result of the price boom that greeted the opening of hostilities. In the markets where organized, broad futures markets existed, things were different. It was a



CHARLES DUNN

simple matter for a chocolate manufacturer to assure himself of future cocoa bean supplies by buying cocoa futures on the New York Cocoa Exchange as a hedge against anticipated supply shortages. Similarly, tire manufacturers bought rubber futures; brewers bought barley futures and so on down the line.

Hedging on inventory problems

EARLY 1940 was a "hangover" period in many lines. Processors found themselves loaded with top-heavy inventories acquired in the hysterical days of September and October, when raw material prices looked like they were headed for the blue sky. Early in 1940 consumer demand suddenly dried up. Many an executive tossed restlessly on his pillow as he visualized back-breaking inventory losses. If the executive was an officer of a rope company that had bought too heavily, there was nothing he could do about it except worry because there is no futures market for hemp. If he was a baker and he was convinced a commodity price decline was coming, it was easy for him to hedge against his inventories of butter, cocoa, cottonseed oil, eggs, lard, rye, soybeans, sugar or wheat flour. By picking up a telephone and calling

a broker he could sell futures contracts in a few minutes in amounts equivalent to his entire physical inventories.

Incidentally, this price "hangover" continued throughout the first quarter of the year. Early in May it looked as though the patient was completely recovered and ready for another party. Prices were stiffening all along the line and business men again started to think back to the first World War and the fantastic commodity prices that had accompanied the progress of that conflict.

Then came the shock that was destined to set virtually every commodity market back on its heels for months to come. Holland, Belgium and the mighty France fell before the German steam roller. Within a few days every commodity market was in trouble. Many of the markets had poor technical positions, being loaded with speculators who were riding along in anticipation of a commodity boom. Far-sighted merchants and manufacturers foresaw a lower commodity price trend and they quickly hedged against their inventories of raw materials by selling futures contracts.

Great Britain extended the blockade to include the conquered areas of continental Europe and commodity

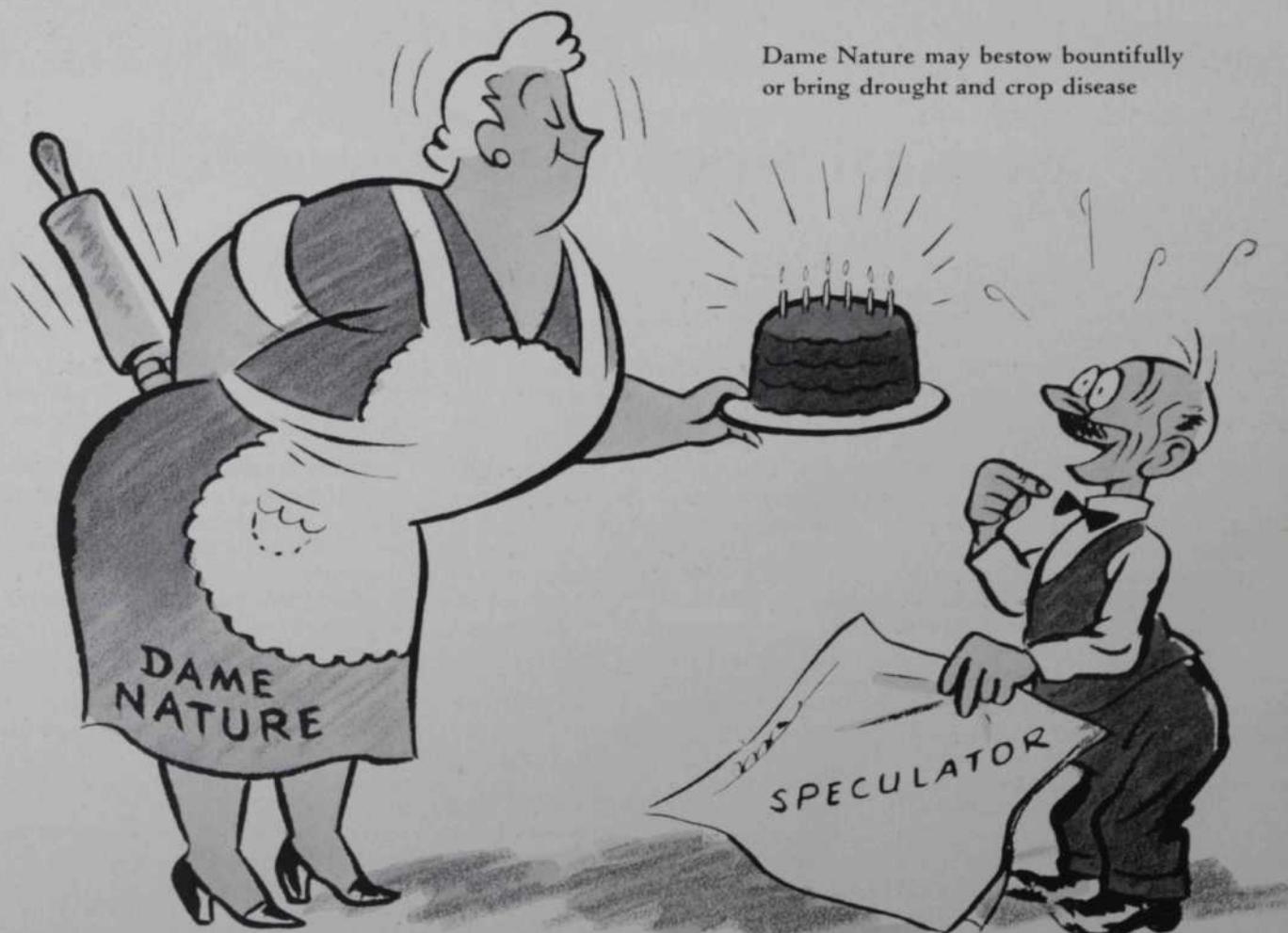
prices continued to fall as the summer months rolled by. Continental Europe, with its densely populated areas, is a net importer of commodities in normal times. A good example of what the British blockade meant to western hemisphere producers may be noted in the coffee situation. More than 90 percent of the world's annual production is in the western hemisphere of which Brazil produces two-thirds. During the 1938-39 season (before the war) Europe consumed 11,598,000 bags of 132 lbs. each out of a total world consumption of 26,727,000 bags.

Since the fall of France, the entire European continental market has been cut off from Brazil and the other coffee-producing countries, which have been staggered by mounting surpluses and record low prices.

Another timely example is the hide market. Normally, Europe imports several million hides per year from the Argentine and other producers on this side of the Atlantic. With the shutting off of the European market, producers diverted shipments to the United States. From mid-May to the latter part of August prices had fallen from 15 cents per lb. to 8 cents before a slight stiffening of prices was noted in the early autumn.

However, not only the processor,

Dame Nature may bestow bountifully or bring drought and crop disease

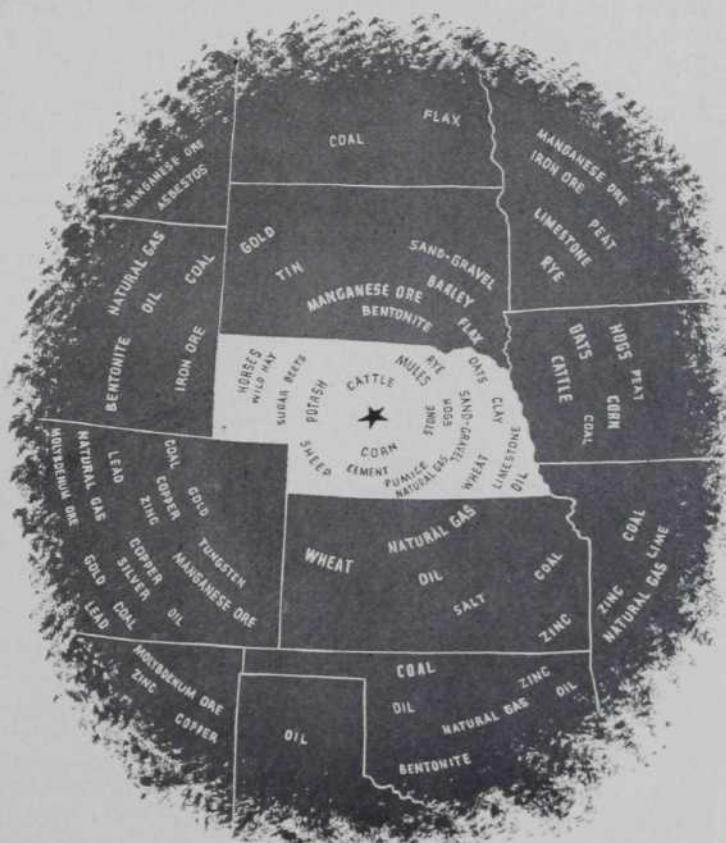


Industry for Defense

- Nebraska is SAFE! It is ideally situated for both defense industries and large military concentrations • Nebraska wants to do its part! Its citizens are united in support of the program to prepare the United States for whatever eventualities may lie ahead.

- **RESOURCES:** virtually every raw material needed by industry is available either in Nebraska or in some near-by state
- **CHEAP POWER AND FUEL:** an ample supply of electric power, at rates as low as or lower than elsewhere; cheap natural gas is available in 154 cities and towns; oil wells have recently been brought in in southeastern Nebraska
- **LABOR:** intelligent, cooperative, true partners of business—alert, skilled and interested; 90% of the population is native born

All these factors combine to make Nebraska an ideal location for those who are interested in the problem of where to best locate INDUSTRY FOR DEFENSE.



NEBRASKA



A New Defense Brochure for Executives

Write on your letterhead for a copy of this new, concise, colorful book about Nebraska. It contains vital data on Nebraska's advantages and resources for national defense industries and military operations.

Nebraska

NO SALES TAX • NO INCOME TAX • NO BONDED DEBT
• NO OTHER EXTRA TAXES • MORE MONEY FOR LIVING

NEBRASKA ADVERTISING COMMISSION
State House, Lincoln, Nebraska

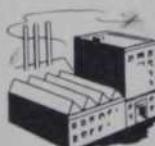
LET THE PATROL ASSURE YOU PROTECTION



● Today more than ever industry needs constant vigilance by watchmen to protect valuable plant property, to assure continued production. These watchmen must be closely supervised if the dangers of fire, theft, sabotage are to be successfully combated.



— The best method of securing this supervision is with a Patrol Watchman's Clock. Sturdy, economical, the Patrol assures the vigilance of the watchman — gives permanent proof of his faithfulness.



● In plants large and small the country over, more than 100,000 Detex Watchclocks are nightly proving their worth in supervising watchmen. In the complete Detex line you will find the one best suited to your needs. Write today for complete information.

DETTEX WATCHCLOCK CORPORATION
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.
29 Beach St., Boston, 116 Marietta St., Atlanta, Rm. 800
NB-11-40

DETTEX
WATCHMEN'S CLOCKS
NEWMAN • ECO • ALERT • PATROL

with his inventory problem, hedges in the futures markets. Producers of raw materials make consistent use of these trading mediums with their hedging opportunities. Let us go back to the outbreak of the war in September, 1939, and witness the typical case of Joe Doakes, who has a sugar plantation in Louisiana. The newspapers tell him that housewives are standing in line at the grocery stores to buy as much sugar as the grocer will sell. They fear a repetition of the sugar scarcity of World War days. For many months he has been troubled over the prospect of another year in the red. With raw sugar at 2.75 cents a pound he knows he can't break even because his cost accounting sheets show him that his expense of producing raw sugar for the season will be 2.85 cents a pound. Yet, suddenly, within a few days, the price has advanced to 3.75 cents—a price at which he could have the best year in the past decade if only his sugar were harvested and ready to sell.

Selling crops at the high

FORTUNATELY, for him, there exists an institution in New York known as the New York Coffee and Sugar Exchange, where he can sell futures contracts against his anticipated sugar crop even though it is still standing in the field and will not be harvested until December. It requires merely a telephone call to a neighboring branch office of a New York brokerage firm plus margins (which can be financed). In a few minutes he has sold his entire crop, assuring himself of the unexpected windfall caused by the housewives' stampede.

Incidentally, those producers who hedged against forthcoming crops during the lush days immediately following the start of the war have much reason for thankfulness. The price of sugar has been declining ever since. The industry faced the autumn with prices at all-time record low levels. Raw sugar in the United States (duty paid) was selling

at 2.65 cents per lb. The "world" price, as represented by the f.o.b. Cuba price, which that unhappy island receives from world consumers after she has filled her quota share of the United States market, was roughly three-quarters of a cent per lb.

Paradoxically, there is a real shortage of sugar in the face of the record low prices. There exists in France and other conquered countries a crying need for sugar. Here again the British blockade prevents this demand from being filled. Yet Cuba, famed as the "sugar bowl of the world" in the last war, has ample sugar for sale.

Still other forms of hedging are available through the Wall Street "grocery stores." A stock trader may be "long" a few thousand shares of United States Steel and he is worried about a possible market break. He doesn't want to liquidate but he wants to hedge himself somehow. Here again, the futures market comes to his aid. It is an acknowledged fact that in recent years the hide futures market has been moving in direct correlation with the stock market averages. To protect himself against a break in "steel," the operator merely sells short in the hide futures market, or hedges in enough quantity so that he will make an offsetting profit on his hide market short sale if "steel" falls out of bed.

"Hedging against inflation" has also been a popular pastime in Wall Street. Staid, coupon-clipping bondholders have viewed with great alarm the steadily mounting budgetary deficit. They fear for the equity value of their "gilt-edged" wealth and wish to hedge. Feeling that inflation will bring higher commodity prices and yet not wishing to sell their bonds, they hedge by buying distant commodity options, or futures, usually through the same brokerage firm through whom they bought their bonds.

Last but certainly not least, we must not forget the actual speculator whose trades contribute so importantly to the



"Dmitri has lost a lot of his fire lately"

volume of business on the commodity exchanges. From his studies, the speculator knows that long wars inevitably bring commodity price booms. He feels that a long war is in the cards. Convincing that there will be big profits for anyone who holds on to commodities, he goes to his Wall Street grocery store and finds 30 choice commodities spread across the counter or, in this case, the electric board. He merely puts up his money and takes his choice.

However, forgetting the war for the present, let us take a look at commodity trading volume in recent years as compared with stock market volume. The stock brokers have basis for their tears. Yet commodity trading commissions have been comparatively plump. Why? In addition to the opportunity for hedging, the commodity markets also offer tempting vehicles for those who want to speculate.

Prices are more active

THEY get action in the commodity markets and they don't compete with insiders to the same degree as stock traders, who are often guessing at a corporation's status or prospects in competition with those who are in a position to know all about a given company. In the commodity markets, nature is the most important market factor, particularly in the agricultural commodities. This fickle dame is usually unpredictable and she may bestow bountiful crops or bring drought and crop diseases. Usually, one man's guess is as good as another's.

Furthermore, margins are smaller in the commodity markets as compared with stocks you buy on margin; the usual commodity margin is ten to 20 per cent of the value. You don't put up much money to margin a commodity futures contract because, until actual delivery is either made or taken, you are only margining a futures delivery contract.

The commodity broker wants margin to protect himself against adverse price fluctuations only and he is not necessarily concerned with the total value of the actual commodity represented by the futures contract. Of course, when maturity dates arrive, the futures contract assumes the status of a cash transaction. However, most commodity traders usually liquidate or "switch" their market positions long before maturity, or "delivery" time.

These smaller commodity margins are also adequate because such a large percentage of the business on the futures exchanges comes from corporations which are not speculating but merely conducting conservative hedging operations. To put up a larger margin would be an unnecessary strain on their cash positions. Actually, they are using the futures markets to avoid speculation in their respective businesses.

Looking at the entire picture of the Wall Street grocery store and what is behind it, it looks like a pretty good bet that it will thrive. You can always find a store in a vicinity where customers will be along to pass "what it takes" across the counter.

An Easier Way to Haul —And the Cost is Less!

IN 100 LINES OF BUSINESS IT'S BEING DONE WITH TRUCK-TRAILERS

IN CONGESTED TRAFFIC, in narrow alleys and in cramped quarters Truck-Trailers are more flexible and easier to handle than trucks of comparable capacity. The Truck-Trailer unit is hinged-in-the-middle; the truck turns at right angles to the Trailer it pulls. The Trailer wheels cut in and the entire unit gets into tight spots with amazing ease.

SAVINGS ARE IMPORTANT, TOO!

Ease of handling is only one Truck-Trailer advantage. Equally vital are the savings you make. Your investment is lower since you use a smaller truck to pull your load than you would require to carry the load. The smaller truck costs less to operate, your upkeep costs are lower and your replacement cost is less. Owners report savings of from 30% to 60%. Then, too, if you use a "shuttle" system—as so many do—you'll save still more because one truck can handle three or more Trailers. The truck will be almost constantly at work pulling first one and then another of the Trailers ready to be moved after being loaded or unloaded.

FACTS to prove the flexibility and the economy of Truck-Trailer operation are plentiful and will be sent to you upon request. Better still, a telephone call will bring a trained Fruehauf transportation engineer who will gladly analyze your haulage set-up without obligation.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY • DETROIT

Sales and Service in Principal Cities



Highways are the fundamental arteries of transportation which serve every community. Most other means of transportation are dependent upon highway transport for the beginning and completion of the journey.



Home of "Engineered Transportation."

One of the four modern plants of the Fruehauf Trailer Company, world's largest builders of Truck-Trailers.

FRUEHAUF TRAILERS

"Engineered Transportation"

REG. U.S. PAT. OFF.

MORE FRUEHAUF TRAILERS ON THE ROAD THAN ANY OTHER MAKE

Heard in the Market Place

Glamour in Names . . . Labels That

Inform . . . Versatile Soy Beans . . .

"**What's in a name?**" lamented lovesick Juliet and would not pause for answer—hey, wait a minute! That was jesting Pilate. Juliet said, "That which we call a rose by any other name would smell as sweet."

Mebbe so, but I've a hunch that if we called 'em cabbages or turnips or parsnips the florists wouldn't sell as many of them, or for such good prices.

Take, for casual example, the codfish. Every Friday—Wednesdays, too, in Lent

way of nomenclature seem questions impossible to answer in advance. Glass failed to ring the bell as a name for acetate fabrics. Rayon went over big. "Uneeda" applied to soda crackers some 40 years ago made the whole country biscuit conscious and served as the foundation for a great industry. "Uwanta," "Ulika" and similar imitative neologisms fell flatter than a pancake without baking powder.

The very mention of champagne starts a whole train of thought which has to do with gay frivolity, or at the least with opulent and gracious living; yet for years the textile trade knew a certain shade of off-pink tan as "champagne" and no one got excited over it. Then someone applied *beige* to that same shade, and in the intervening time a whole generation of feminine shins has gone forth sheathed in *beige* stockings.

Why *beige*? Where is its allure, its glamour? In its native French it signifies undyed, or unbleached. There's every reason to suppose that it lacks all the pull "champagne" might reasonably be expected to exert. Yet champagne stockings never had much popularity; *beige* and its variants have held the field against all comers for more than 20 years.

And, just to top it off, who has the nerve to assert dyed muskrat would have the popularity Hudson Seal enjoys, or that the girls would go for rabbit-skin the way they do for *lapin*?

All of which boils down, I think, to the assumption that Juliet was talking through her hat, and that there's plenty in a name—if you can hit upon the right one.

—SEABURY QUINN.

Descriptive labeling of foods, whether or not required by the Food and Drug



Administration, is being urged upon its 2,000 members by the National Canners Association. Its new 96 page manual, "Labels for Canned Foods," contains detailed recommendations.

What consumers want in a label is a few simple facts about the product that will help them in buying, says Frank Gorrell, secretary. He believes that a legend

like "Grade A" is of little help because it represents nothing more than somebody's arbitrary standard of quality. But to know that a can of peaches contains six peeled halves of yellow freestones canned in peach juice with spice added is something practical. A term like "protein derivative" is of no value to Mrs. Consumer unless it is explained as a type of artificial flavoring. Number of cupfuls or servings in a can is far more informative to the cook than number of ounces avoirdupois, net content.

Greater turnover at a narrower margin is the objective of Columbia Record Corporation in a sharp price reduction that brought Masterwork classical records down to 75 cents and \$1 from regular prices of \$1.50 and \$2. Victor promptly countered by cutting its red seal ten-inch records that formerly sold at \$1-\$1.50 down to 75 cents and the 12-inch red seals from \$1.50 and \$2 down to \$1. Popular numbers are reduced from 75 cents to 50 cents.

Farm buying at retail is twice as great in volume as generally estimated, says the Curtis Publishing Co. As the result of a study of rural markets, based on an analysis of the recent Consumer Purchase Survey by the Government, annual retail purchases by farm and village families are estimated at \$27,500,000. Rural retail sales were given as only \$13,576,000 in the 1935 Census of Business.

According to the Curtis findings, this discrepancy is accounted for by the revelation that rural families buy as much in urban centers as in small towns and villages classed in the census as rural.

The Department of Agriculture estimates the farm population at the highest point reached since 1916. It is now gaining relatively to urban population, thus reversing a trend that began about 1910.

Soy beans as forage or silage have always been considered a good fattener for cattle. Now they are being canned for human consumption and offered to fat women "as a means of reducing weight without impairing nutrition." In the Orient they have been a major article of diet for many centuries. Acting on the opinion of biochemists as to their food value, canners worked out a formula for canning green soy beans that is said to produce a tasty product. Now farmers can raise them to feed their soil, their livestock and their families. Some bakers are producing bread from soy bean flour. And they are being applied to numerous industrial uses. Truly an all-round crop.

English advertisers seem to have adapted themselves to American testimonial technique with great versatility. In a single issue of the *London Daily Mail* the British pugilist, Eric Bonn, endorsed the virtues of Shredded Wheat, Wright's coal tar soap, Everton toffee, National kippers, Favot shirts, McKenzie tweeds, Wardenia razors, Old Chart tobacco, Palethorpe's sausages, Vita-Glucose and Garagard tennis shoes. Only a few years ago English visitors to this country were jolly well amused by what they called the vulgarity of American advertising.

—FRED DEARMOND

Machine Cut Costs



Pushing rocks around is an easy job

IN THE lake states, Minnesota, Wisconsin and Michigan, a new frontier has been opened. It is the pine cut-over district, 100 miles wide by 600 miles long, covering approximately 29,000,000 acres. Perhaps half of it is suited to agriculture. Only about five per cent is under plow after 50 years of settlement.

Development has been held back by the pine stumps, which, unlike those of hardwoods, practically never rot out. The expense of clearing has been \$50 to \$150 an acre.

A new method, introduced two years ago, has reduced the cost of clearing to \$2.50 to \$10 an acre. The principal device is a diesel-engined crawler tractor armed with a hydraulically actuated angle-dozer, or bull grader. With it, an average acre is cleared in an hour.

Developed for road building, the machine was first used for land clearing in the lake district in 1937 at the suggestion of a county agent. In 1938 they were used in several Michigan and Wisconsin counties, and, in the spring of 1939, private contractors bought ten for custom clearing in Minnesota. During the season, each cleared 800 to 1,500 acres besides other work. Each accomplished more than 1,000 men could have done by old methods.

What the introduction of this new method has done for the district is illustrated by the experience of St. Louis County, Minn. A year ago more than half of its 4,000,000 acres was tax delinquent.

At the 1939 sale in August bidders jammed the court house for days. They bought land appraised at more than \$1,000,000, paying more than \$200,000 down. All this land, none of which had paid any taxes in seven years, will be paying again in 1941.—GEORGE W. KELLEY



Stumps to be used for fuel are first shattered into fragments that are easily handled



Blade of the bull grader digs under stump and, when rising, pushes out stump, roots and all with comparative ease



It took many hours of back-breaking labor to clear land by the old crowbar and dynamite method used for generations



IDEAS MADE



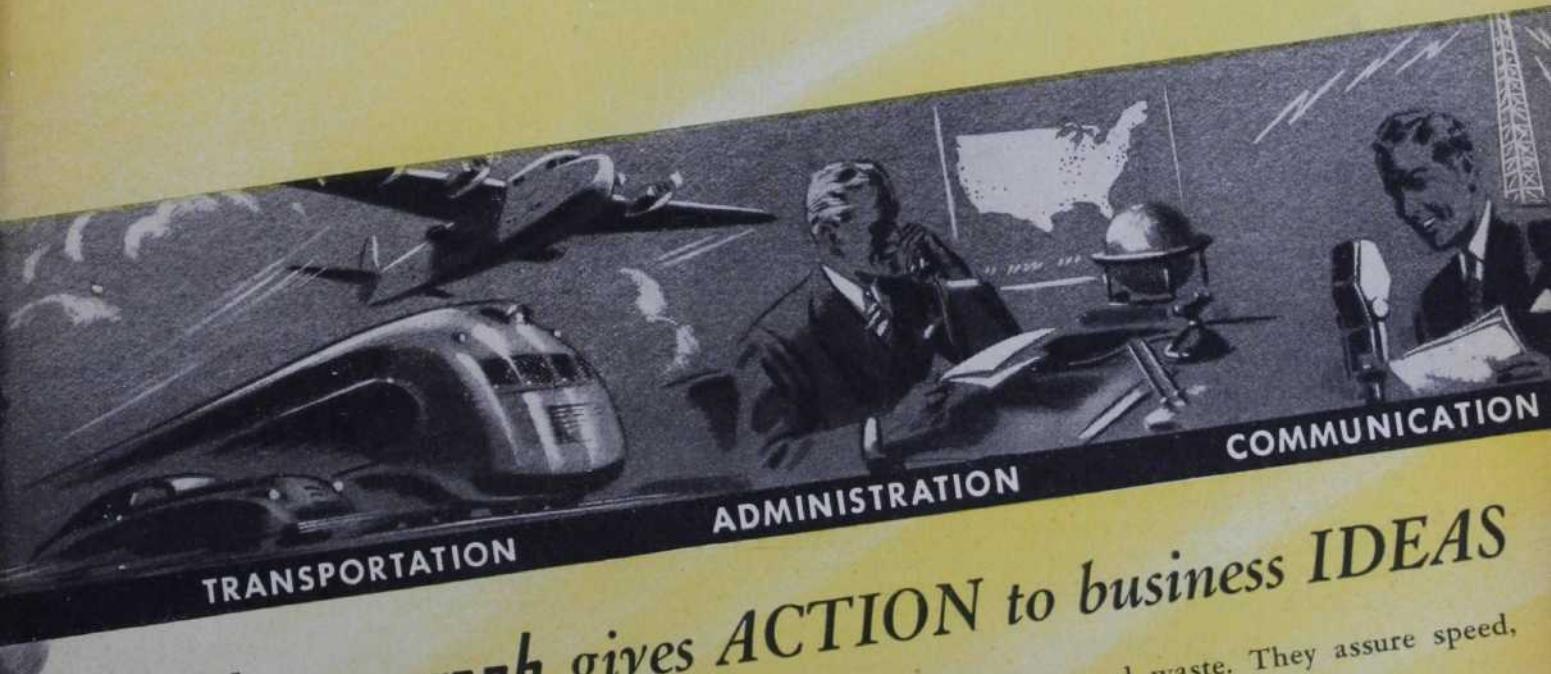
Addressograph

Does Important Work with Speed, Accuracy and Economy

Advertising • Collecting • Dividends • Installment Accounts • Inventory • Manufacturing
Membership • Orders • Payroll • Sales, Promotion • Shipping • Social Security • Subscription
Lists • Assessment Records • Motor Vehicle Registration • Relief • Tax Collection • Voters' Lists

IN Action

AMERICA GREAT!..



Addressograph gives ACTION to business IDEAS

"The American Way" was once no more than an idea in the minds of men . . . a concept of a better way of life. That idea, origin of all we enjoy, might have vanished as a dream had it not been given life and vigor by ACTION.

So it is in business. When action is applied to ideas, a better, more productive, more profitable way carries business to greater achievements.

ACTION in all departments of business is the money-making function of Addressograph Methods. These methods simplify procedures and coordinate routine jobs . . . protect profits against

delays, mistakes and waste. They assure speed, unfailing accuracy and savings.

The Addressograph representative near you will gladly show you how easily these modern methods can be put into action in your business, regardless of kind or size. Call ADDRESSOGRAPH SALES AGENCY (listed in principal city telephone books) or if you prefer, write to

ADDRESSOGRAPH-MULTIGRAPH CORPORATION
Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

"It certainly pays to Fly!"

Says E. L. OLRICH, President of Munsingwear, Inc., Minneapolis, Minn.



This endorsement given without compensation

"Through the use of Air Travel Munsingwear sales executives add many effective selling days to each month. Territories all over the country are covered quickly and comfortably, and appointments made and kept which would not be possible otherwise.

"Our men find that they arrive at their destination refreshed, without the fatigue usually attending long trips, and all this without any increase over normal travel costs. For these same reasons I do most of my traveling by air.

"It certainly pays to fly!"

AIR TRAVEL IS NOT EXPENSIVE

Many companies are saving thousands of dollars in salaries and expenses every year by flying their men. For flying saves hours, days, and even weeks of productive time, depending on the length of the trip.

Men who fly cover their territories quickly and efficiently—with an absolute minimum of travel fatigue. And they spend less time away from the office which means less travel expense.

Why not phone your local Airline office today and have a representative call and explain how you, too, can save time and money by flying your men.

You'll find Air Travel surprisingly inexpensive.

AIR TRANSPORT ASSOCIATION
135 South La Salle Street, Chicago, Illinois

This educational campaign is sponsored jointly by the 17 major Airlines of the United States and Canada, and Manufacturers and Suppliers to the Air Transport Industry

 **FLY**
IT PAYS TO

ASK YOUR TRAVEL AGENT: It's easy to buy an air ticket to any place in the United States or the world. Simply phone or call at any Travel Bureau, Hotel Transportation Desk, Telegraph office or local Airline office, for airline schedules and fares.

The Corporations Nobody Knows

(Continued from page 32)

F.D.I.C.
Federal Home Loan Banks
Federal Savings and Loan Associations
Federal Savings and Loan Insurance
Corporations
Home Owners Loan Corporation
Federal Housing Administration
Panama Railroad Company
R.E.A.
T.V.A.
U. S. Housing Authority
U. S. Maritime Commission
R.F.C.
Inland Waterways Corporation
Farm Security Administration
P.W.A.
Puerto Rico Reconstruction Administra-
tion
Disaster Loan Corporation
Federal National Mortgage Company
R.F.C. Mortgage Corporation
Commercial Credit Corporation
Export-Import Bank
T.V.A. Associated Cooperatives
Federal Crop Insurance Corporation

The 31 corporations have 1,476 sub-
sidiaries. That will be spelled out for the
sake of emphasis: Fourteen hundred
and seventy-six. The subsidiaries do
what the chiefs tell them to do and their
chiefs are at liberty to do about what
they wish to do. Some of the corpora-
tions have been incorporated under the
laws of states or the District of Colum-
bia, where charters can be obtained
more suitable to their activities. Some
are authorized by law, some are not
chartered at all, some were created by
executive order and some by adminis-
trative order.

State or federal

A PRETTY question has been raised by
the corporations which obtained their
charters in the states. No one knows
whether they are state corporations or
federal corporations. The federal Govern-
ment provided all the money and
passed out the jobs but, if the laws are
to be rigidly obeyed, they are state and
not federal corporations. Or maybe they
are not. This is an academic question in
any case. They get the money and they
spend it.

Secretary Morgenthau could not re-
sist taking a crack at one of the corpora-
tions set up by administrative order. If
he could, he would insist on bookkeeping
that really keeps books, but he is help-
less. Secretary of Agriculture Wallace
wanted to set up some means by which
farmers' crops could be insured. There-
fore, in the Department of Agriculture
he picked out some sympathetic mem-
bers and told them what to do:

The members are appointed by and
hold office at the pleasure of the Secre-
tary of Agriculture.

Morgenthau notes a "tendency to re-
gard corporations as being separate and
distinct from the Government." That is
the formal way of stating the fact. They
are in effect as free of control by any
authority except the appropriations

committees of Congress as of ex-King Carol of Rumania. He hopes that "a uniform policy will be established with regard to relations with the Treasury, the Bureau of the Budget, the General Accounting Office and the U. S. Civil Service."

By way of illustration—still in formal phrase—he observed that the F.C.A. bought \$149,000,000 worth of stock in the banks for cooperatives, using the funds granted by Congress for agricultural marketing, but:

Does not show under a properly descriptive title.

No reimbursements to treasury

HE WOULD like to have periodical appraisals made, order post-audits, require that appointments be made under civil service, and compel the corporations to reimburse the Treasury for money advanced. Although all the money advanced to these corporations goes through the Treasury to them, the Treasury is represented only on the boards of the Export-Import Bank and the Federal Farm Mortgage Corporation.

Except in a few instances, the Treasury gets no dividends on the stock it holds or is it reimbursed for the money it advances. One activity, for example, was set up for the purpose of making loans to Indians.

Either the Indians did not want to borrow money or they were not considered good risks, because they got few loans. Whatever money this activity had to its credit came, of course, from the United States Treasury, which had sold bonds to obtain it. The lenders who had been foiled in their desire to lend money to Indians thereupon put their surplus in private banks.

No significance is attached to this, except that it would seem that, if the agency did not need the Government's money, it might return it. But, among the many instances of fiscal fun, another is even more interesting.

The Government, through Congress and the Treasury, gave the Regional Agricultural Credit Corporation \$120,000,000 with which to put 12 agricultural banks on their feet. The money, of course, was raised by the sale of bonds. The land banks backed local credit associations. These associations found themselves possessed of surpluses and, with those surpluses, they bought government bonds. The interest paid on the government bonds helped the associations to make a nice showing. They were safe as churches, no doubt, but the transaction has a dizzying effect on the beholder. In effect, the Government sold bonds to get money with which to buy the bonds back. The General Accounting Office wanted to audit the accounts of the banks and associations to find out just what had happened and why, but it has been unable to do so. The agricultural creditors invited the G.A.O. to go jump in the lake.

This is possible because there is no form of control over the 31.

The Reconstruction Finance Corporation makes monthly and quarterly reports to Congress, in the form of the



KEEP THOSE TACKS "UNDER YOUR THUMB"

Another tack -- another account. Fine! But don't forget that credit risks grow with business. No vigilance can prevent casualties among your customers. No seer can predict when or where they will strike, how heavily you will be involved.

The prudent executive keeps receivables "under his thumb"; he controls credit losses by insuring the company's sales. He is sure of payment on all goods sold under the terms of the policy. Risks and fears are obviated. Morale is better. Sales increase.

For almost 50 years, Credit Insurance has proved itself the most practical and economical means of protecting capital and assuring profit. Modern complexities make it more desirable than ever. Credit Insurance reimburses you on reorganizations precisely as on insolvencies.

American Credit Insurance today is adaptable to all requirements of Manufacturers and Jobbers. There are ten basic policy forms for general and special coverage. You'll be surprised at the low rates. Ask any American Credit representative for information.

AMERICAN CREDIT INDEMNITY CO. of New York J. F. McFadden, President

First National Bank Building

Baltimore

Offices in all principal cities of United States and Canada

VII-12

PROMOTE CHRISTMAS and NEW YEAR SPIRIT

*in Customer Relations
All Year!*

THESE AUTOPOINT
BUSINESS GIFTS
BREAK SALES
RESISTANCE!



Use AUTOPOINT BUSINESS GIFTS— Keep Doors Open!

Imprinted Autopoint Business Gifts will stay on your customers' desks, or in their pockets, all year—to make many daily "sales call-backs" for you. This idea works! Used by thousands of leading firms! For the cream of their "reminder" ideas, write for FREE copy of "37 Sales Plans." Also ask for catalog of Autopoint Business Gifts.

→ No. 52GS—Autopoint Pencil. Gold filled trim, inlaid crown on cap and tip. Made of BAKELITE molding material. Famous Grip-Tite Tip—lead can't wobble, twist, fall out. Available for standard or Real Thin Lead.



No. 169—Novel white essence of pearl circular knife. Light, compact—yet sturdy. Ring for pocket or watch chain. Nail file and cutting blade are of high carbon steel.



No. 246



No. 52GS

No. 246—Cigador—Combination cigarette server-ashtray. Cigarette pops up with slight twist of top. Holds 20 cigarettes.

Autopoint
THE BETTER PENCIL

AUTOPOINT COMPANY
1812 W. Foster Ave., Chicago, Ill.

reply given over the telephone by the hospital nurse to inquiring friends:

The patient is doing as well as can be expected.

The Inland Waterways Corporation is not required to report to Congress, but has been reporting just the same. Its reports have for the most part been publicity releases. The Farm Security Administration, the P.W.A., and the Puerto Rico Reconstruction Administration report to the President, and he in turn reports to Congress. He is at liberty, of course, to make his reports as comprehensive or as scanty as he desires. The Federal Farm Mortgage Corporation, the Federal Land Banks, the Disaster Loan Corporation, the Federal National Mortgage Company, the R.F.C. Mortgage Corporation and the Commercial Credit Corporation are not specifically required to report to Congress. The Export-Import Bank, the T.V.A. Associated Cooperatives and the Federal Crop Insurance Corporation do not report to Congress unless they happen to feel like it.

Many accounts not audited

THE G.A.O. has always wanted to find out what is going on in the corporative silences, but it has found hard going. It has asked permission to audit the gold and silver held by the Treasury, but it has never got it. No doubt is suggested that the Treasury's audit is not accurate to the last cent, but, after all, it is customary to have the auditing of money done by those who do not handle it. That is what the Treasury insists on with national banks, and it might be noted that the various penitentiaries are well staffed with defaulters who would not be there if it had not been for audits. The Comptroller General states that the F.D.I.C., the Disaster Loan Corporation and the T.V.A. Cooperatives are considered subject to G.A.O. audit but they have never admitted the jurisdiction of the Accounting Office. These others are not required to submit to the G.A.O.'s audit:

The R.F.C.
Federal Savings and Loan Associations
Federal Home Loan Banks
Federal Intermediate Credit Banks
Banks for Cooperatives
Production Credit Corporations
Regional Credit Corporations
Federal National Mortgage Association
Inland Waterways Corporation
Panama Railroad
Federal Land Banks
R.F.C. Mortgage Company

Those who are familiar with some of the operations of these corporations know that the sums they have handled run about even with the business of the Bank of England. Every one is familiar with the excellent services performed by the R.F.C. and it is in no sense a criticism of that corporation to observe that Congress once wrote off by resolution the sum of \$2,600,000,000, much to the relief of the R.F.C.'s bookkeepers. The public assumption was that this sum had been advanced to the various relief agencies, and that is true in good part, but it is not wholly true. The G.A.O. thinks that, if it were permitted to get at the facts, no

harm would be done. The situation is made more dangerous, in the opinion of the few men who are aware of the situation, by Executive Order 8512.

By the terms of this order, President Roosevelt gave the Secretary of the Treasury authority to prescribe the entire system of government accounts. A system is badly needed, of course—any system—but these men feel that no administration, this administration or any other, should be permitted to handle the money and then pass upon the handling. An agency entirely divorced from the money spending should do the auditing, they say. Seventeen years ago Congress set up the General Accounting Office for precisely this purpose, under what seemed to be competent safeguards against political interference. The G.A.O. has been fighting for its life ever since.

The Stabilization Fund is a case in point.

Congress set it up with a fund of \$2,000,000,000 so that a parity might be maintained between the three monetary systems of the United States, Great Britain and France, and authorized it to operate in secrecy. No doubt it was needed, no doubt is here expressed that it did not do good work, and it is entirely possible that it may still be needed to protect the interests of the United States. Since it was set up, however, France has passed out of the picture, and the sympathies of the Administration for Great Britain have been so candidly made known that it is quite possible that the American dollars in the Fund are being used for the benefit of Britain rather than for the benefit of the United States. No one knows, and the only thing that has ever been learned about the Stabilization Fund is that certain salaries are being paid out of it. Who gets the salaries, how much they are, and why they get them is a Treasury secret.

If a private corporation conducted its affairs as these Government corporations do the S.E.C. would tear its directors' hearts out in the street. If an individual kept his books the way the Government keeps its books, Elmer Irey, chief of the inquisitors of the Bureau of Internal Revenue, would raise more kinds of merry hell with him than you could put in a basket. It appears, for instance, that the 31 corporations have lent 25,000,000,000 of the people's dollars. As was stated previously, no one knows how much the security is worth, except that it is not worth par. These loans are not supposed to be gifts or aids to the indigent, but money lent on a promise to repay. It is quite impossible to know to what extent these corporations may obligate the Government in the future. It is known that they have promised to the extent of \$5,000,000,000 that the Government will repay if the borrower defaults. Nothing of this appears, of course, in any statement of our national debt.

Some of them have interlocking directorates. The holding company hierarchies are so intricate that Senator Byrd has called them "the fourth branch of the Government." They have made loans to the extent of \$150,000,000 on which principal and interest are in default. They have foreclosed and held for sale properties valued at \$881,000,000. They have lent each other—"inter-

agency liabilities"—the very considerable sum of \$1,400,528,791, some items of which have been entered as assets and some as liabilities. No one knows precisely what is the situation. It appears that their expenditures of \$6,214,000,000 have exceeded their revenues of \$4,559,000,000 for a deficit of \$1,655,000,000. Fourteen of the agencies report that they have written off assets deemed worthless and adjusted "related reserve accounts." Other agencies follow various practices.

Zip goes a nickel!

Detoured congress

THE T.V.A. Cooperatives Association is self-perpetuating, free of audit, and its operations are unknown. Some of the 31 conduct businesses identical with and in competition with private corporations. Some frankly justify their practices by the statement that "legislative routine is thus detoured." Which seems to mean that they are free of congressional or other control. Most are managed by boards, one by an administrator, and there are corporations in which part of the stock is privately owned and boards are partly elected by the stockholders and partly appointed by the Treasurer.

At this moment there is not the slightest indication that anything will be done about it.

When the second report is made to the Senate of the United States under the second Byrd resolution that body may be stirred. This article is only intended to call attention to the report to come. It might—it is barely possible—be that the Senate, which has been so comprehensively flouted, will demand an inter-agency statement in which all the facts will be set forth clearly. We might at least see how the billions go.

Elections and Business

EFFECT of presidential election on national business conditions is slight or nil. Notable exception was general confusion created by Free Silver campaign of William Jennings Bryan in 1896. Consequences gave rise to notion that "presidential years are bad for business."

Record of 37 presidential years, from 1792 to 1936, excluding war election year of 1864, shows that prosperity ruled in approximately 61 per cent of the presidential years. Moreover, business started an upturn in 11 election years, while declines began in only eight such years.

Study by Investors Syndicate reveals that business cycles have neither regular time schedules nor geographical limitations. Causes of prosperity or depression have their beginnings before, during and after presidential elections, are affected by conditions at home and abroad. Resultant effects may become apparent in years when Americans are indicating their national political preferences, sometimes resulting in mistaking the occasion for the cause.

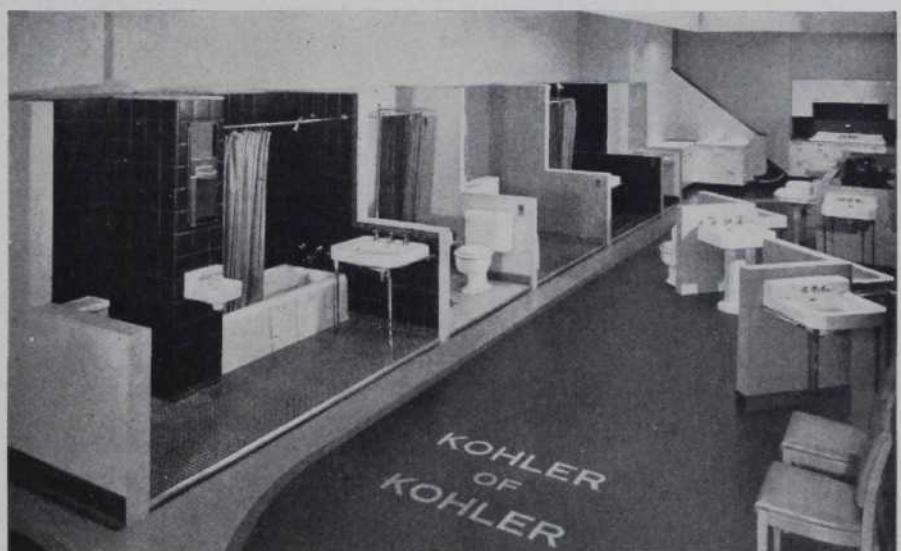


How to make your floors advertise your business



Advertising hotel comfort

is the job of this novel floor of Armstrong's Linoleum in Norman Courts, a unique motor hotel at Norman, Oklahoma. Says T. Jack Foster, President: "Our floor, which features the old Southwest, gets credit not only for bringing in new business, but also for keeping customers coming back."



Free advertising for a famous name is provided by an Armstrong Floor in this new Kohler of Kohler showroom, Philadelphia, Pa. Picture your name or trade-mark going to work for you on the floor of your shop, office, or store. It's simple and inexpensive to achieve with Armstrong's Linoleum.



A selling job for radio is performed every day by this clever map inset of Armstrong's Linoleum in Station WWVA, Wheeling, West Va. In this modern studio, and hundreds of others, Armstrong Floors not only add bright color and smart decoration but also help to muffle the sound of footsteps and other distracting noises.



This floor advertises shoes in the Juvenile Department of Morse's Shoe Store, Albany, N. Y. With picture insets in contrasting colors, this gay Armstrong Floor amuses young shoppers and attracts trade. It also cushions the footsteps of customers and employees alike, and saves cleaning time and expense for the management.

Floors that advertise

many different types of businesses are shown in our color-illustrated book on better floors for better business. Send for your copy and find how Armstrong Floors can help advertise your business and boost sales in the bargain. Sent free (40¢ outside U. S. A.). Armstrong Cork Company, Floor Division, 4011 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)

ARMSTRONG'S LINOLEUM FLOORS

Custom Laid or  Standard Designs

PLAIN • INLAID • EMBOSSED • JASPE • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS



YONKERS HERALD-STATESMAN

Committee aroused interest in local government and encouraged citizens to attend town meetings

One Hundred Men and a City

By MARSHALL BEUICK

FOR SEVERAL years commuters aboard the trains that serve Yonkers, N. Y., frequently grumbled to their seat mates about the political conditions and the exceptionally high taxes in their home town. Often the denunciation of the professional politicians was highly charged with words that aren't heard in prayer meetings. One commuter, who shared the discontent, decided that, if all this energy were put to some practical use, conditions might be improved. One day in 1938 he said to a group of disgruntled taxpayers:

"What's the use of beefing about the situation unless we really do something."

"Oh, yes, we've heard that before," was the retort. "Get out and vote! Vote the politicians out!"

"That's one of the things, of course," the man with the idea agreed. "But there is something else. We have residents of Yonkers who are

specialists in things which are parts of the municipal administration. We have attorneys, educators, real estate experts, engineers, financiers and what not. If we got a hundred of these men together in a non-political committee, we might be able to expose some of the inefficiency of the city government and bring about changes that would eventually reduce our taxes and establish a better government."

That was the origin of the Yonkers Committee of 100.

Three men initiated the plan. James H. Moseley, vice president of a utility corporation, interested John J. Rust, officer in a security firm, and Oliver J. Troster, partner in a large unlisted security concern. They set up a plan which Mr. Moseley agreed to put into operation as the committee's chairman, providing \$1,500 could be raised to underwrite a nine months' program. Mr. Rust



Grumbling over local government was chief pastime of commuters

Today You Need

SPEED

IN YOUR SHOP EQUIPMENT

NOW, more than ever, you need shop machinery that will produce more in less time. High spindle speeds are essential for the efficient use of modern sintered carbide and diamond cutting tools. Smooth, vibration-free operation at high speed is achieved in South Bend Lathes by using a direct belt drive to the spindle, a precision balanced spindle assembly and spindle bearing surfaces that are hardened, ground and superfinished to a smoothness of five microinches (.000005").

At right—10" Swing, 1" Collet Capacity South Bend Tool Room Precision Bench Lathe. This lathe has nine spindle speeds ranging from 50 to 1357 R. P. M., 1 $\frac{1}{8}$ " hole through spindle, 1" maximum collet capacity, 48 power longitudinal carriage feeds, 48 power cross feeds, and cuts 48 different pitches of screw threads.

SIZES OF SOUTH BEND LATHES

Swing	Bed Lengths	Center Distances
9"	3' to 4 $\frac{1}{2}$ '	16" to 34"
10"	3' to 4 $\frac{1}{2}$ '	15 $\frac{3}{4}$ " to 33 $\frac{3}{4}$ "
13"	4' to 7'	16" to 52"
14 $\frac{1}{2}$ "	5' to 10'	24 $\frac{1}{2}$ " to 84 $\frac{1}{2}$ "
16"	6' to 12'	33 $\frac{1}{2}$ " to 105 $\frac{1}{2}$ "

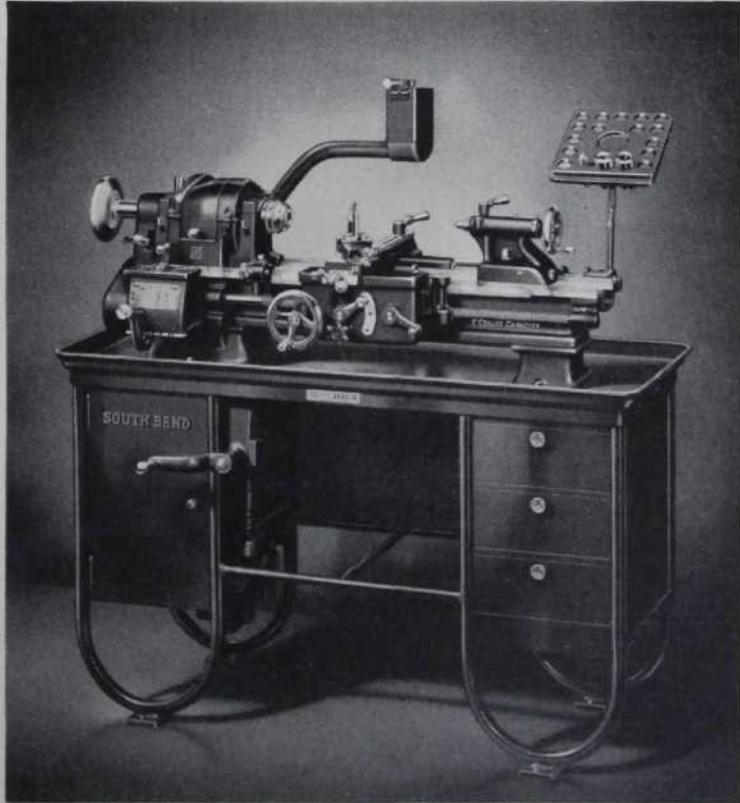
PARTIAL LIST OF DEALERS

See a South Bend Lathe before you buy. Write today for free catalog and name of nearest dealer.

Baltimore, Carey Mch. & Supply
 Boston, South Bend Lathe Works*
 Bridgeport, Conn., A. C. Bisgood
 Buffalo, R. C. Neal Company, Inc.
 Chicago, South Bend Lathe Works†
 Cleveland, Reynolds Mach. Co.
 Dayton, C. H. Gosiger Mach. Co.
 Detroit, Lee Machinery Company
 Los Angeles, Eccles & Davies
 Milwaukee, W. A. Voell Mach. Co.
 Newark, J. R. Edwards Mach. Co.

New York, A. C. Colby Mach. Co.
 Philadelphia, W. B. Rapp, Mach.
 Pittsburgh, Tranter Mfg. Co.
 Portland, Ore., Portland Mach. Co.
 Providence, Geo. Reynolds & Son
 Rochester, N.Y., Ogden R. Adams
 St. Paul, Robinson, Cary & Sands
 San Francisco, Moore Mach. Co.
 Seattle, Star Machinery Company
 Syracuse, N.Y., H. A. Smith, Mach.
 York, Pa., York Mach. & Supply

*Boston Sales Office: 67 Broadway, Kendall Sq., Cambridge, Mass. Tel. Trowbridge 6-369
 †Chicago Sales Office: Room 306, Machinery Sales Building, Telephone State 7-283



SOUTH BEND LATHE WORKS *Lathe Builders Since 1906*

348 E. Madison Street, South Bend, Indiana, U. S. A.

WHO IS THIS MAN?



...has he any business
in your plant?

ALL kinds of people walk by your plant, night and day. Among them may be thieves, snoopers or careless trespassers. The safest way to guard your plant from these undesirable people is with good fence—provided with conveniently located gates. Then your trusted watchmen can check everybody who comes in and every piece of material that goes out.

Most plant owners choose Cyclone Fence for this important protection job. Cyclone makes sturdy fence, strong enough to withstand a lot of punishment. All mesh, posts and other parts are galvanized to resist rust. And our factory-trained erection crews know how to build fence right. You can trust these men to do a good job.

You probably wonder what it will cost. We will gladly make a recommendation and an estimate without obligation to you. You'll find our prices right. We lead the field in sales, so our prices must be in line.

CYCLONE FENCE COMPANY

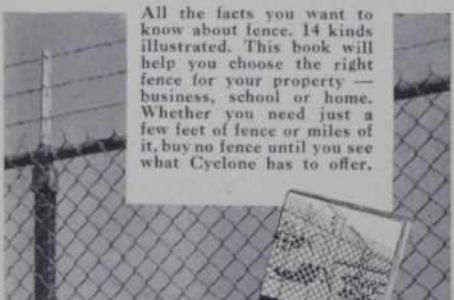
Waukegan, Ill.

Branches in Principal Cities

United States Steel Export Company, New York

FREE! 32-Page Book on Fence

All the facts you want to know about fence. 14 kinds illustrated. This book will help you choose the right fence for your property—business, school or home. Whether you need just a few feet of fence or miles of it, buy no fence until you see what Cyclone has to offer.



CYCLONE FENCE COMPANY
Waukegan, Ill. DEPT. 5110
Please mail me, without obligation, a copy of "Your Fence—How to Choose It—How to Use It."

Name.....
Address.....
City..... State.....
I am interested in fencing: Industrial; Es-
tate; Playground; Residence; School.
Approximately feet



CYCLONE FENCE

UNITED STATES STEEL

and Mr. Troster guaranteed the money and the three men got down to business.

The money was to pay a part-time secretary, provide clerical help and meet incidental expenses which were expected to be low. They hoped to obtain volunteer clerical assistance and some postage underwriting for direct-mail membership promotion from future members.

Most of the membership work, however, was done through personal contacts. In a few days, under this plan, they recruited Eugene D. Alexander and Charles M. Carpenter, New York City attorneys. Ralph N. Harder, an officer in one of the largest banks in the United States, came in along with Berkeley D. Johnson, a trust company executive, who became treasurer. Other early members included Charles De Napoli, real estate expert associated with a building loan organization; Paul W. McQuillen, an attorney; Max L. Roessel, head of a silk textile company, and Frederic Hegenstal, in charge of a large residential real estate development on Manhattan Island.

With Mr. Moseley as chairman and Mr. Rust, vice chairman, a board of directors was set up from among these initial recruits. Their first goal was to obtain at least 100 members.

At the end of 60 days they decided that the committee was in a satisfactory position to become a permanent organization. The membership is now nearly 200 and still growing with new recruits being added every week in the first six months of 1940. Those who serve on special subcommittees or take part in the general work pay \$12 a year. Supporting members pay \$15.

The committee has small office space with the local Boy Scouts for which it pays \$5 a month. It has a telephone, secretarial help when it can afford it and, thanks to a keenly interested committee-man, is able, inexpensively, to get out a bulletin to keep members informed and to encourage them to make suggestions for better government.

Although subcommittees meet as often as necessary, the entire committee meets once a month to plan, hear reports and study new data on municipal affairs.

These men are not morning-glory reformers who bloom before election and fade quickly thereafter. They are convinced that theirs is a long-time job and they intend to stick to it. They believe in the democratic form of government and blame men for most of its poor operation. They blame themselves because they have been so tied up in their businesses or professions that they have given no time to municipal problems. Often they have even failed to vote. Many of them have said that about all they do in Yonkers is sleep and pay tax bills which are the third highest *per capita* among all cities in the country.

Since the beginning, the committee has been more interested in "informing" than in "reforming." Its objectives, as set down in the by-laws, are:

To acquire information concerning the functions of government of the City of Yonkers and the methods used in the performance of such functions and, to such extent as it shall be deemed ad-

visable, to make such information available to the public.

In general, to secure a more efficient and economic government for said city.

To carry out these objectives, research, directed by the paid secretary, was made the first objective. The committee adopted the policy of bringing its findings to the department head in the city government most interested and seeking his cooperation in improving operation and reducing expenses. The committee gives full credit to the department head who is willing to work out the necessary changes. When such cooperation cannot be obtained, the committee places its findings and recommendations in the hands of the local newspaper publishers.

Broadened financial base

THE results during the first period were so encouraging that the committee set a budget of \$3,000 for 1939. This year it was raised to \$6,000; and the committee workers hope to obtain contributions from business concerns in Yonkers with the belief that these benefit more from accomplishments of the group than do the residential taxpayers. At the same time the committee wants to avoid criticism that it is dominated by wealthy individuals. The large contributor has no more voice in committee decisions than any other member.

Even with the small budgets of the past the committee has been able to save Yonkers taxpayers some \$250,000 a year. Soon after it was organized it was influential in bringing about a \$200,000 reduction in the city budget—the first reduction in 15 years. Its continual digging into city affairs has also revealed several other opportunities either for saving or for increased efficiency.

By its activities in opposing the city's lighting contract, the committee brought about a further saving of some \$30,000 a year. It was victorious, too, in its fight to prevent loading an undue proportion of the police and firemen's pension fund payments on the taxpayers. Now city employees have to pay at a rate in line with that customary in other well run cities.

Delay in destruction of seized slot machines was another question which attracted the committee's attention as was a plan to sell a golf course, taken over for back taxes, at what the committee regarded as a surprisingly low price. The course was not sold.

Not all these victories have been gained without a struggle. One of the longest arose out of the committee's efforts to prevent 25 political appointees from being frozen into civil service posts without the usual competitive examinations. This contest reached the state civil service commission before the committee gained its point but, once a decision was handed down, more than 400 Yonkers residents applied to take the examinations for the 25 positions.

The committee, of course, is not active in politics and its directors have even gone so far as to agree not to run for public office. In spite of this non-partisan character, however, the committee does use its influence in getting the better

elements to vote and its success in this field is demonstrated by the increase in the number of registered voters.

In its effort to keep voters informed as to what the various candidates stood for, the committee sent a questionnaire to each office seeker before the 1938 elections. Only one candidate refused to answer. Thirty thousand circulars carrying the answers to the committee's questions were then distributed to voters. In addition, many committeemen visited neighbors and friends to urge them to register and cast their ballots.

In 1939, the committee staged a rally or town meeting at which candidates were invited to appear, address the voters and answer questions. This election was regarded as particularly significant because upon it hinged the decision as to whether the town should change to a city manager type of government. The voters decided in favor of this plan and, although the committee endorsed no individual candidates, its members were well pleased both with the manager and the five councilmen selected.

Naturally the committee has not had the unanimous support of the citizens.

Even the Yonkers *Herald Statesman* has refused to go along unreservedly with the committee. The editor freely publishes committee statements but reserves the right, on occasion, to criticize its activities. The committee asks no more.

Better purchasing sought

THIS year the committee will work toward having the purchases of equipment itemized in budgets, as any well run business concern would do, and to discourage the buying of unnecessary items. It will try also to stop the writing of specifications for many things the city buys so that only one product is left to purchase. Open, competitive bidding with a provision for performance and other tests the committee believes will cure this.

Tax compromises have been far too liberal for a city in the financial state of Yonkers regardless of the fact that there is a lot of distressed real estate in the city. A more strict basis will be backed by the group. Constant vigilance will be exerted to catch any fast work in changing zoning restrictions to the detriment of the many, but for the benefit of a few. There are also many obsolete jobs in the city government, the committee claims, which must be abolished.

The professional politicians are not yet brought into line, but they have learned that the committee means business; and the committee will not be satisfied until practically every Yonkers commuter on the three railroads contributes to this practical operation of democracy in a local community. The committee believes that, if this kind of work were initiated in every town and city, it would seep up into the state and federal governments with a force that might be surprising. If you can't have good local government generally, the chairman of the committee says, there is less chance of having it in the state capitals and at Washington.

A good investment



A modern car is a good investment, and so is good automobile liability insurance. Protect yourself against serious financial loss through bodily injury and property damage claims — with adequate liability coverage in Standard of Detroit.

Standard automobile policies contain important new features. Broader coverage, selective ratings and the Safe Driver Reward give greater protection at lower cost. When accidents occur, capable representatives throughout North America are ready to help you.

See your Standard agent or broker for complete protection for car, home, business and savings against the consequences of accidents.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884



Kimpak

REG. U. S. PAT. OFF. & REG. IN CANADA
CREPE WADDING

*protects your product
dresses your package*



The popular Zenith Chairside Model Radio is protected in transit by KIMPAK Crepe Wadding.

■ Why risk disappointing your customers with merchandise damaged in transit? For your protection, and their good will, pack with KIMPAK.*

Soft, yet resilient, KIMPAK acts as a shock absorber for your product in transit—guards against breakage, scratches, "press marking" and surface "burning". What's more, KIMPAK helps to dress up your package and give it far more sales appeal.

KIMPAK comes in rolls, sheets and pads of wanted thicknesses and sizes which can be applied quickly and easily without fuss, muss or waste. It can be used for packing nearly every type of product. And since KIMPAK absorbs 16 times its own weight in moisture, it more than meets government postal regulations regarding shipment of liquids.

Mail the coupon today and receive further information and samples for testing.

*Reg. U. S. Pat. Off. and Foreign Countries

FREE! 1940 PORT-FOLIO OF KIMPAK

KIMBERLY-CLARK CORPORATION

Neenah, Wisconsin

Address nearest sales office: 85, Michigan Ave., Chicago, 122 East 42nd St., New York City. 510 W. Sixth St., Los Angeles.

Please send us the 1940 Portfolio of KIMPAK.



Company _____

Address _____

Attention of _____ Our Product is _____

Labor Weighs Its Patriotism

(Continued from page 16)

further, it has to be reported that, within the C.I.O., there is more disunity. Sidney Hillman disagrees violently with Mr. Lewis' leadership and the two are in rivalry for control. Mr. Hillman is armed with the great power that goes with his office as a member of N.D.A.C. and he is further armed with a vastly superior skill in long range strategy. He is cutting the important segments of the C.I.O. away from Mr. Lewis. In the conflict he has been something like a fencer opposed to the wielder of a broadsword. As of this hour the rapier is the superior weapon and the punctures have been so deft that it may be Mr. Lewis has not yet felt them all.

But, until there is a final outcome, until there is the possibility of a labor unity, substantial if not complete, national defense must necessarily suffer. The beginning of a working harmony lies in the joint advisory committee which Mr. Hillman has set up. Just a beginning.

Problem of jurisdiction

BEFORE we leave the first category of trouble spots, the jurisdictional strike must be laid on the table for a look. The jurisdictional strike is many decades old. It is an evil thing. Labor union officials often find themselves in the contradictory position of at once encouraging it and denouncing it. In essence, the jurisdictional strike is a fight over jobs. No union official ever defends the jurisdictional strike as an institution, but almost all of them defend a particular jurisdictional strike when they are in one.

Labor's problem is to devise a way of maintaining peace pending adjudication. What has wrecked some adjudication machinery is the fact that, by the time judgment is had, the work is finished. What has wrecked others is the fact that powerful unions would not accept unfavorable decisions.

But here labor has, in this period of national concern about national safety, a pressing duty to wipe the slate clear of the jurisdictional strike and to demonstrate that reason can operate through soundly built adjudication machinery. Perhaps, if it doesn't, the supreme power may have to say, "settle in peace, or else..."

Comes now category No. 2—active alien minorities, responding to alien controls—Communists, Nazis, Fascists. To say that there is no danger is to whistle against the wind, to go blind and to cease hearing.

There are these alien-guided minorities. Moreover, some of the followers are native Americans.

Can we doubt that the master minds of these alien propagandas have seen to it that agents are placed in strategic spots in unions? If we doubt it, we must be blind to all the lessons taught by those nations that already have fallen before the totalitarian onslaught. Of course, the Nazis and the Communists are in stra-

tegic positions in our unions. We can be sure they work in plants where no alien ought to be and also that they hold as many union offices as they have been able to grab. They work in the guise of Americans, not as admitted aliens. This puts a terrific responsibility and strain upon the unions—an enormous policing job.

The Communist-Nazi rapprochement has strengthened the hostile propaganda in the United States. Communism dominates the alien work on labor's side of the street; Nazism dominates the work on the employer side of the street. But both work on both sides.

Where labor is concerned, the C.I.O. offers us the choicest volume of Communism scalawag operations. Let us have a look at and a partial list of C.I.O. unions that follow the Communist "party line":

The National Maritime Union (sailors);

The Transport Workers (including New York subway workers);

The International Longshoremen's and Warehousemen's union;

The American Communications Association, which is composed of telegraphers and radio operators;

The Oil Workers' International Union, which mans the producing and refining of petroleum for all unionized companies;

Portions of the United Radio and Electrical Workers (especially New York);

The American Newspaper Guild, whose members write the news reports on defense, on labor developments and on everything surrounding today's critical issues.

There are more—indeed, the C.I.O. itself, under Mr. Lewis' direction, has not deviated from the "party line," whether that be by design or by some accident of coincidental beliefs which have given a pattern of continuity to unrelated acts.

I submit that the existence of heavy and typically alien Communist influence in such fields as communications, water transport and news reporting is a grave menace. The petroleum situation is likewise grave. The Oil Workers' convention, just held, brought the Communist strength to the front in a manner that ought to cause serious concern in many quarters.

To say that the Communist leadership of such organizations has not been knit a little bit closer, has not been given a little bit of advantage, by Communists and fellow travelers in agencies such as N.L.R.B. and among some of the subordinates in the Wages-Hours Administration would be to stretch credulity past the snapping point. If it is true—and I think it is—that some of the Comrades have been moved out of some of their federal labor agency berths in Washington, it remains true that they have been there and that they have had their chance. Not all have yet been moved.

Before we leave the matter of the red influence in our seafaring set-up, let us have one fleeting look at the U. S. Maritime Commission. The Maritime Commission operates under a law calculated

to benefit and build our merchant marine. There are certain requirements as to labor. They are mandatory. But the appearances are that the Commission's machinery set up for labor purposes goes no farther than to require the proper standards. This machinery seems unable to interest itself in whether or not the merchant marine is overly loaded with Communists, fellow travelers and Nazis, put there for the future purposes of one or another of the European and Asiatic dictators. You can play around with that for a while and see how hot under the collar it will make you, in due time. Perhaps, the fault lies with the law, which requires some things and makes it easy to leave some others alone.

A problem with aliens

SOME union leaders, including, I think, Mr. Lewis, have said that, if employers hire 'em, unions have to organize 'em. The decent alien has every right to his job and it would be easy to descend to witch burning. But there must be a million eyes on the lookout for the definite agent and the ignorant dupe of communism, fascism, nazism and whatever may be the "ism" of the Japanese. National unity has no place of freedom for the traitor, whether in or out of unions. It is but natural that the agents-provocateurs and the dissension-breeders should seek places in unions, because there they find their field organized and, if they are clever, they can get the union itself to defend them.

But, in the examples I have cited, we have something more than cases of individual propagandists. We have whole unions traveling the "party line" under a leadership that is definitely a "party line" leadership and even, in some cases, a proclaimed Communist leadership.

Then come the crooks, the racketeers, the dictators who run unions for what they can get out of them.

When the International Brotherhood of Teamsters and Chauffeurs met in convention in Washington during the week ending September 14, President Daniel J. Tobin had something important to say. He had but recently resigned as a member of the Presidential Secretariat to become head of the Labor Division of the Democratic National Committee. His relations with the President were so good that the President accepted his invitation to address the convention. Mr. Tobin has been for many years one of the important figures in the American labor movement. More than once he has challenged precedent to speak his mind freely. Nobody else makes up his mind for him and nobody backs him away from things in which he believes. So, here he came to let go a blast in which he recommended that the convention amend the union constitution to permit proper dealing with "miserable, dishonest and unprincipled scoundrels who have used our organization for criminal purposes."

It would not be easy to find harsher language. No ducking. No dodging. No pleading sweet innocence. Tobin said his union had scoundrels in it and he wanted union law that would get them out. He came pretty close to indicating something when he said, "A few cheap racket-

Al (Alford J.) Williams, Manager of the Aviation Department, Gulf Oil Corp.—Graduate of Fordham and Georgetown—Naval aviator in World War I (D.F.C.)—Speed record holder 1923-31—Member of N.Y. State Bar—Columnist for 18 Scripps-Howard newspapers. His book, "Airpower" (dictated on his Ediphone) just published is an authoritative story of military aviation and its part in World War II ...No wonder Major Williams depends on his Ediphone!

MORE TIME FOR YOU, TOO

Surveys show that the average executive increases his capacity an hour a day with an Ediphone. Talk your work away, too; record ideas, notes and dictation immediately...to either the new 8 1/2" x 11" Desk Ediphone (like Major Williams', above) or the new streamlined floor model.

Write Dept. NII, Thomas A. Edison, Inc., West Orange, N.J. or Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.

teers in New York, Chicago, Cleveland, Detroit, or some other large city are advertised throughout the nation so that the impression is thrown out that the International Union is composed mainly of this kind of degenerate." It isn't and President Tobin is quite right.

President Tobin's blunt declaration that racketeers exist—and in his own union—seems to cut away the hush-hush and to make it possible to discuss racketeering as a festering thing in the unions. He could have indicated some other unions.

For a type of dictatorial absolutism in unions just about the perfect flower flourished under the late domination of George Scalise, out of which he finally ran plump into the law for a go-round

that doubtless many another has been watching with scrupulous attention to detail, against the passing of time.

To some the death-bed story told by Matthew Taylor, whose union of 3,500 elevator operators in Chicago was demanded by racketeers and whose treasury he looted of \$30,000 which he used as tribute to racketeers to buy a few months more of life, may seem fantastic and crazy. But it was very real to Matt Taylor and it was very real to the surviving union members to whom it was read after he had died.

The same George Scalise who presented himself to the A. F. of L. executive council, while it was meeting in Miami, Fla., a little more than a year ago to plead his injured innocence (and

quite successfully), wanted this union of elevator operators. Taylor told, in his death-bed story how he had gone to Washington to attend a dinner and how, riding back home on a train, he met A. F. of L. Vice President Harry Bates who told him of pressure used in Washington by Scalise to get all organized elevator operators for his very own.

If the clues given in Taylor's long statement—not all of which has been printed—are followed through, there is reason to believe Chicago will have more than a minor shaking up. Racketeering, touching only a smelly minority, is nonetheless a major issue, because poison cells have a way of contaminating and weakening surrounding tissue.

Domination of unions by officials who have been able so to maneuver as to prevent elections or control them, is by no means always with a malicious intent. Often it is an example of something akin to benevolent despotism—to the idea that nobody else could do as well; and now and then perhaps with a determination to use any method to keep out racketeers and maintain integrity and decency.

A labor dictator

FOR this other type of dictatorial rule, quite unlike the Scalise example, there is the American Federation of Musicians, the new constitution of which provides, in its first article, that the president shall have the power to amend any provision in any manner, without let or hindrance. James Petrillo, the new president and successor to the veteran and beloved Joe Weber, makes no effort to conceal the nature or extent of his complete command. He points out that he has not used the power given him; but the power is there and neither he nor anyone else would undertake to predict what he might construe as the necessities of some future situation.

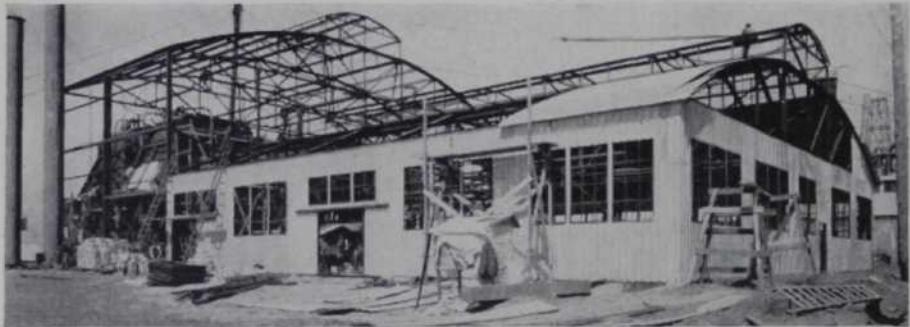
Looking back, there was the case of Former President H. H. Broach of the International Brotherhood of Electrical Workers. Broach, when president, said with some pride, that he was a dictator—and that he had to be to keep the racketeers out.

It has been said, truly, that in time the law gets those who violate its provisions. The law gets the racketeers, in time. And it is better to let the law take its time in catching up than it is to create a despotism, governmental or otherwise.

But the point today is that a tremendous national crisis exists. This crisis puts the nation in a position where it cannot tolerate racketeering, corruption or alien agents in the house of the organized workers upon whose integrity and skill an unsabotaged defense program so largely depends.

This puts upon the unions the responsibility defined by President Tobin, whose members now drive most of the long distance freight trucks of the nation. Those trucks, he knows, have to keep rolling, manned by Americans and honest Americans at that.

The same goes for automobile workers who will make tanks and for airplane workers who are making bombers and fighters; and for machinists and electrical workers and for all the trades that



EXPAND YOUR PLANT In A Hurry

WITH

BUTLER

READY-MADE STEEL BUILDINGS

**Structurally Strong, Fire-Safe,
Permanent, Easy To Enlarge, Take
Down, Re-Erect With Full Salvage!**

Look into this 25-year-old, economy-working development in pre-fabricated steel structures NOW! See how completely it enables you to build in a hurry but well—and with a plant investment that can be charged off quickly.

In days instead of weeks you can permanently house space needed for more production or storage—in small units or large—units easily enlarged later or taken down and re-located with full salvage—units readily insulated, heated or air conditioned.

**INSTALL
IN DAYS
INSTEAD
OF WEEKS!**

ROUND OR
GABLE ROOF



Sizes 4' x 6'
to 100' Clear
Spans Any
Length



Strikingly
Beautiful
Double Steel
Wall Boule-
vard Buildings



FREE!

Send Today
for the But-
ler Book of
Steel Build-
ings showing a hundred
different installations in a
score of industries. An
outline of your require-
ments will set Butler engi-
neers to tailor-meas-
uring plans to fit and fig-
ures to save 3 ways.



BUTLER MANUFACTURING COMPANY
3240 Eastern Ave., Kansas City, Mo. • 940 Sixth Ave. S. E., Minneapolis, Minn.
SALES OFFICES IN PRINCIPAL CITIES

work where defense products are to be rolled forth in an inexhaustible stream. A problem is posed—a double barrelled problem, with the miserable crook clogging one barrel, while the alien agent, the fifth columnist, clogs the other. It may take more of the kind of courage that was back of that speech delivered by Daniel J. Tobin. But this nation demands unity around the clean ideal upon which the nation is built and upon which it must live.

There has been a tendency to criticize President William Green of the A. F. of L. That is unwarranted, because his powers are strictly limited. His courage is abundant, as we have seen and as, I feel sure, we shall see again. Not a single racketeer, Communist or Nazi fails to hate him. The course of cure lies where it has been so clearly indicated by President Tobin, unless labor is to abdicate its duties. It lies in international unions which will cleanse themselves. And they have but little time for self-administered cure. America demands unity for the supreme task.

This article offers no effort to indict unions. On the contrary, it is in the larger way an actual defense of unions. Nobody in his right mind in these days could or would think of even trying to indict unions. I have myself defended them for 30 years or more. To repeat, the union movement is overwhelmingly clean, decent, upright, patriotic. It carries the bulk of the hard work of creating our defense machinery. The President has recently said that the labor movement suffers from nothing unique—that among lawyers, business men and others, there also are racketeers and crooks. Also there are fifth columnists—and if I were discussing those groupings, I could also level an indictment and an injunction to go and clean house in these days when there must be, as was the slogan in the first World War, "Only Americans on guard."

National unity required

THE point today is that, with national complete unity a paramount requirement, the festering spots need cleansing in a sense that would not be so in ordinary times. A crook can never be trusted because there never is any guarantee that his field of crookedness will remain "as is." It may be enlarged to include a sell-out to an alien opponent—to an alien dictator.

So, while labor makes guns, ships, tanks, planes and thousands of other things, it has a job of equal importance to do in routing the fifth columnist, the racketeer and the generality of vermin who come in those and intermediary classifications. When defense is paramount, even a little of treachery and corruption is far, far too much. The clarion call is for unity of all Americans for national defense. The labor movement, I know, will deliver a full measure of service and there are signs that it will simplify its great task by ridding its ranks of the minority so dramatically branded by President Tobin of the Teamsters and just as ardently hated as crooks by President William Green and 98 per cent of the leaders of the organized labor movement.



IT'S fairly obvious that our futile scorcher above is being penalized by *not enough machine*. We present The Case Of The Misplaced Tricycle not for our own amusement but to remind you that it is possible for the figuring departments of a business to be penalized by the same thing—*too much or not enough machine*. If a business buys figuring machines that don't fit its needs—that's *serious*.

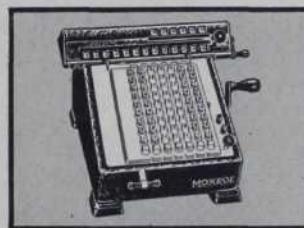
IT CAN'T HAPPEN WITH MONROE

Monroe has so many models it can fit *any* condition in *any* business. Take adding-calculators: Monroe has *no less than 24 models!* From the small, hand operated Model L to the great Model A-1, "master mind" of all automatic calculating machines.

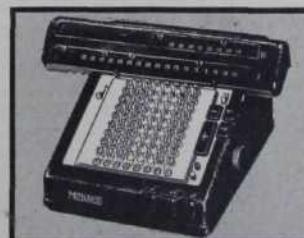
And—Monroe offers expert advice, based on thousands of case histories, as to exactly *which* machine best fits your business.

In short, Monroe's line is so complete it can fit *any* situation in *any* business. ONLY MONROE can give you the figuring service that "fits like a glove!"

There is a Monroe machine for every type of business figuring—adding-calculators, adding-listing, book-keeping, check writing and check signing machines.



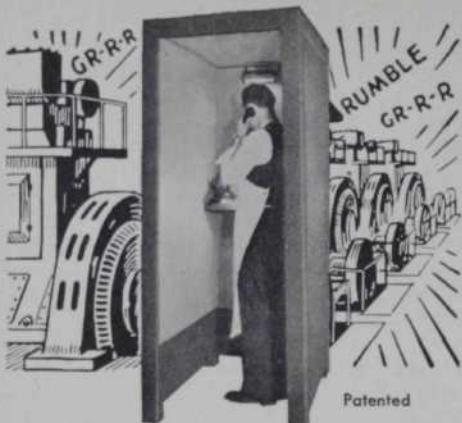
Lowest priced keyboard adding-calculator on the market (Model L). Multiplies, divides, adds, subtracts. Spot-proof keyboard. Lightweight, portable, and hand operated. Ideal for office figuring or use at home.



The newest Monroe (Model MA-7-W). Simple and sturdy. Electric carriage shift and electric dials clearance. Divides automatically without pre-setting of levers. Priced to fit any budget. Economical for volume figuring or occasional use.

MONROE

MONROE CALCULATING MACHINE COMPANY, INC. • ORANGE, N. J.



For a "Zone of Quiet" use this Acoustical Booth

Don't try to talk against machinery noise. Put your phone in a Burgess Acousti-Booth and enjoy the "zone of quiet" within this doorless booth. Its acoustic lining soaks up noise like a blotter. Hundreds are in daily service. Satisfied users reorder frequently. Full information on request.

Mail Coupon for Free Booklet

Burgess Battery Company, Acoustic Division
Dept. NB, 500 W. Huron St., Chicago
Please send free booklet describing Burgess
Doorless Acousti-Booth and how it makes telephoning easy in noisy places.

Name _____

Firm Name _____

Street-City _____

BURGESS ACOUSTI-BOOTH

Manufactured under Burgess Patents



- Here's the way to get in good with the boss, thrill your friends, pay off those social and business obligations that require unusual taste and thoughtfulness.
- Give them a **fresh** 8 to 10 lb. salmon from the North Pacific's cold waters. Sent express prepaid, cleaned, packed in ice and freshly iced en route, with a personalized note in your name. Ideal for unique entertaining at parties or clubs.
- Few people know the delicious taste of a real **fresh salmon** direct from the Pacific. Try one yourself! Send your holiday gift list now. A gift so unusual it creates lasting appreciation. Economical, too!

In individual
iced boxes, each:
(Allow 2 weeks for delivery)

\$4.49 Points West of
Mississippi River
\$4.97 Points East of
Mississippi River

Send check today to

SEAVIEW LODGE
P.O. BOX 137 • SEATTLE, WASH.

Cutting the Doctor's Bill to Fit

(Continued from page 47)
drug addiction and mental disorders no services are rendered beyond diagnosis because treatment is otherwise available from governmental units. Another important exception is that coverage does not apply to the first \$5 in fees in any one year of membership.

Enrollment is confined to employed persons under age 65, whose applications are taken in groups of 24 or more. Subscription rates are \$2.50 a month, member's spouse at \$1.50 and all children under 19 at \$1 additional. The limit on individual benefits in any one year is \$325 in service, and for a family \$875. An optional plan covers surgical service only, at \$1.20 a month for individual memberships and \$2 for all members of any family.

Variations are natural

PREPAYMENT plans vary considerably. Doctors who have studied the problem insist this is desirable since no inspired formula can be devised to meet the requirements of 48 states and all their communities. One must understand at the outset that all these moves by the medical profession are considered as experimental.

Out of the multiplicity of experience, it is hoped, certain patterns of sound procedure will emerge.

One of the weaknesses of the unscientific reform mind is the tendency to prescribe at one stroke the same remedy for the whole nation. First, a superficial study is made, then the need is painted in lurid colors so that the people may be worked up into a frenzy over somebody's sad plight.

Then they are ready for the third and final step. An emissary goes over to the Capitol with a bill providing a new centralized administrative agency with federal grants to the states and gets Senator Wagner to introduce it.

Doctors try a new procedure on a guinea pig first. If it works, they use it on a patient.

The method of social reformers reverses this order; they experiment on the whole nation and, if there isn't too much revolt, they then test the procedure on a guinea pig.

There are some who disagree with Michigan's first \$5 fee exception. They would make no exception, which ostensibly means higher rates. Other plans, as that in Milwaukee County, Wis., except the first \$24.

The California plan requires the member to pay for the first two calls by his physician in any one illness. It is simply a choice between high rates and full coverage or lower rates and limited coverage.

The group membership feature is a stumbling block to recruiting of members. It obviates the need for a physical examination as a condition to enrollment, since groups spread the risk while



Speed... Economy... Ingenuity

That's the essence of American Business. Pick any field you like and you will find that its leaders live by and typify those three words.

Editorially, Nation's Business must remember "Speed—Economy—Ingenuity" in order to attract and to satisfy its 348,000 subscribers. In the November issue we present 9 articles and 7 regular features. Test them, as you go through this issue, for their contribution to the needs of America's business men.

Advertisers, too, follow the tune of "Speed—Economy—Ingenuity." In this issue you will find 72 advertisements carefully prepared to bring to the attention of America's business leaders new products, new services, new ways to do business more profitably.

In Nation's Business, subscribers find editorial and advertising content in tune with each other. They give you an "interlocking grip" on the month's developments in business.

That's why subscribers find advertising an extra dividend.

NATION'S BUSINESS
going to 348,000 men—the largest group of business buyers in America



individual membership would be more selective—that is, those likely to be the worst risks would enroll first. Group hospitalization, which has a far longer start than group medicine, has consistently followed this procedure of accepting members only in groups, usually of ten or more. Still, there is a distinct loss in closing the door to individual memberships.

Farmers, the most individualistic class in the nation, are slow to line up collectively, and they are not alone in that characteristic.

One of the Wisconsin county experiments provides for individual enrollments, but it has not made much headway.

On the West Coast, where the California Physicians Service embraces hospitalization—in cooperation with two non-profit hospital associations—as well as medical and surgical service, some of the medical men have urged that the bars be let down to individual members. The change was rejected as likely to impose too heavy a financial burden on the organization.

Notwithstanding intensive concentration by the profession on organizing for prepayment, the results as yet are inconclusive. In Michigan, 63,138 subscribers were enrolled in the course of the first three months of operation. This is not so big as it looks. An examination of the Michigan Medical Service report shows that only 1,352 of this number joined the medical service plan and all of them are employees of the Michigan State Highway Department.

All the others—nearly 98 per cent of the whole—joined up for the surgical plan only. They constitute 16 employee groups from business firms and state government organizations.

Insufficient demand

CALIFORNIA Physicians Service had recruited 12,000 members, according to a recent report of its trustees, but needed 20,000 to get out of the red. Administrative costs were running about 25 per cent of the revenue received. In California, and this seems to be true of all the statewide systems, the state medical association is still subsidizing the Service.

Mutual Health Service, organized by the Medical Society of the District of Columbia and directed by a capable executive officer, has suspended its efforts because it was unable to obtain a sufficient response to justify putting the service into operation. Principal objections encountered were: first, that the income level—the customary \$2,000 to \$2,500 a year—was too low; second, that the rates were too high. Individual memberships were offered at \$1.50 a month, husband and wife \$2.50, and families with children \$3.50. A definitely hostile attitude was shown by all but two of the government departments and agencies asked to cooperate. The Mutual's experience was summed up in these words:

Your Board is convinced that, even though there may be a need, there is no demand among a majority of low-income workers in the District of Columbia for a prepayment medical service plan.

Three intensive experiments proceed-

AN INVITATION TO YOU...

You are cordially
invited to try this
machine in your own
office on your own work

TELEPHONE OUR NEAREST BRANCH



Won't you try the new Underwood Sundstrand Adding-Figuring Machine in your office with your own operator without any obligation to buy it?

We want you to know what the Underwood Sundstrand will do for you in your business . . . how it will speed up your work and cut your figuring costs. This simple ten-key machine that is so easy to operate—adds, subtracts, multiplies, divides with amazing speed and accuracy.

Why not telephone or write today?

Adding Machine Division . . . UNDERWOOD ELLIOTT FISHER COMPANY . . . Adding Machines, Typewriters, Accounting Machines, Carbon Paper, Ribbons and other Supplies . . . One Park Avenue, New York, N. Y. . . Sales and Service Everywhere . . . Underwood Elliott Fisher Speeds the World's Business.

Copyright 1940, Underwood Elliott Fisher Company

THE NEW QUIET STREAMLINED



EYES ON THE WORK . . . NOT ON THE KEYBOARD

Watch the operator tap out figures on the Underwood Sundstrand. See the fingers of her right hand flash over the condensed keyboard. She doesn't look at the keyboard, her eyes follow the work! There is no headswing . . . and that means faster, more accurate work.

Underwood Sundstrand

ADDING-FIGURING MACHINE

**CHICAGO
WATCHCLOCKS**

**Get the vote for
DEPENDABILITY**

DEPENDABILITY heads the ticket in any program for careful supervision of your plant against fires, thieves, accidents.

ACCURACY and ECONOMY of operation are the important running



mates that make a Chicago Watchclock Supervisory System "tops" in any plant protective program.

WRITE FOR
COMPLETE
INFORMATION

**CHICAGO
WATCHCLOCK CORPORATION**
1528 SO. WABASH AVENUE—CHICAGO, ILLINOIS
111 JOHN STREET • NEW YORK CITY

**ALLENTOWN
PENNSYLVANIA**

A GREAT CITY IN A GREAT STATE ISSUES AN INVITATION TO INDUSTRY

Skilled Labor
4 Railroads • Transcontinental Airline
50 miles to Philadelphia
90 miles to New York
Overnight to Chicago
Low Taxation • Reasonable Power
Desirable Factory Sites

WRITE FOR ILLUSTRATED BOOKLET and Complete Information

ALLENTOWN CHAMBER OF COMMERCE

when the
NATION'S BUSINESSMEN
go to Washington

RATES FROM \$5

THE Carlton
16TH AND K STREET • WASHINGTON, D.C.

ing in Wisconsin under the direction of the State Medical Society have as yet received no decided evidence of public support. In Douglas County much was expected because Superior, the principal city, is a strong cooperative town. There had been loud agitation about the high cost of medical care and the urgent need that something be done.

But results belied expectations. At the end of one year, the active membership was only 163 units, although the idea had been publicized aggressively through newspapers, mail, radio and public meetings.

"Who put in this emergency call and where is the patient?" asked a Milwaukee newspaper that investigated the campaign.

Workers aren't interested

THE Douglas County Medical Society found that most people regard health as something of a gamble. Insurance is "a good idea for anyone who is sick, but I'm in good health."

Pleas that workers in the \$15 to \$25 a week bracket budget their sickness cost on a yearly basis seemed to make little impression.

People in this income stratum have come to expect that they will get medical care anyway, in the, to them, remote event that they need it.

A large proportion of those who buy this form of security are the more substantial citizens who would be financial-

ly able to meet the emergency of illness cost in any event.

According to Secretary J. G. Crownhart, the aim of the State Medical Society of Wisconsin has been to approach this question in the laboratory method that would apply to any scientific problem. Among other facts, the doctors want to know the answers to these questions:

Do subscribers to the prepayment plans consult physicians earlier in the course of a malady and thus obtain more preventive attention than would otherwise be the case?

What factors, if any, tend toward assuring greater quantity of care for more patients, only at a sacrifice of quality? How can they be corrected?

Is the demand for voluntary insurance sufficiently wide to avoid an overload of adverse risks?

Is the return to physicians high enough to enable them to maintain the highest professional standards?

Certain suggestive, if still tentative, conclusions were announced recently in a report of the Wisconsin Society's Advisory Committee on Volunteer Sickness Insurance. The wisdom of continued experimentation is affirmed. When a pattern has demonstrated itself to be worthy of wide application, the Committee suggests that it should be operated in units no smaller than statewide, but not under the sponsorship of private groups, whether lay or professional. That is considered undesirable.



"—And furthermore, you dim-witted dumb-bell, if you don't like our business methods you know where you can go!" Make a copy of that and tear it up—then send them a letter thanking them for their business and promising better co-operation."

The committee holds that physical examination as a preliminary to membership is impractical.

In the light of limited experience in Wisconsin, clients are not availing themselves of the preventive procedures at their disposal. Preventive medicine must be sold to the public; "the alleged financial barrier in obtaining this service is not the deterrent."

Finally, the Committee concludes that "voluntary sickness insurance holds no promise of distributing equally among physicians all the demands of subscribers."

"The busy physician will continue to be busy and the unoccupied physician will continue to be unoccupied."

On the whole, medical men are still hopeful that the cooperative idea will "take." They are by no means discouraged by their experiments and probably can be expected to go right on trying to find a way that will make it easier for families living on less than \$2,500 a year to meet the economic emergency of sickness.

Problem is overadvertised

TO A lay observer one fact stands out above every other. The agitators for social reform in the method of caring for the sick have overstated both the acuteness of the problem and the simplicity of its solution.

Doctors who are on the firing line see a vast job to be done, particularly in the matter of preventive medicine and surgery, but they do not agree with the social workers that the economic factor is the big hurdle.

Inducing the masses of Americans to provide against a sick day comes down to a matter of face-to-face personal selling.

No matter how sound an idea may be, the public is slow to manifest a "demand" for it.

As Henry Ford has said, "the public seldom demands anything new." It waits until the right psychological chord has been touched, then climbs on the band wagon or marches to the music.

The question still stands unanswered:

Is it up to the medical profession to do this job of selling, or is it one that should be passed to the insurance people?

This account of the voluntary efforts of organized medicine makes no attempt to appraise the various private cooperative health plans.

Groups of physicians acting privately have organized prepayment services; of which the noted Ross-Loos Clinic in Los Angeles is a conspicuous example. Other groups are under lay management, with physicians contracted to serve the members.

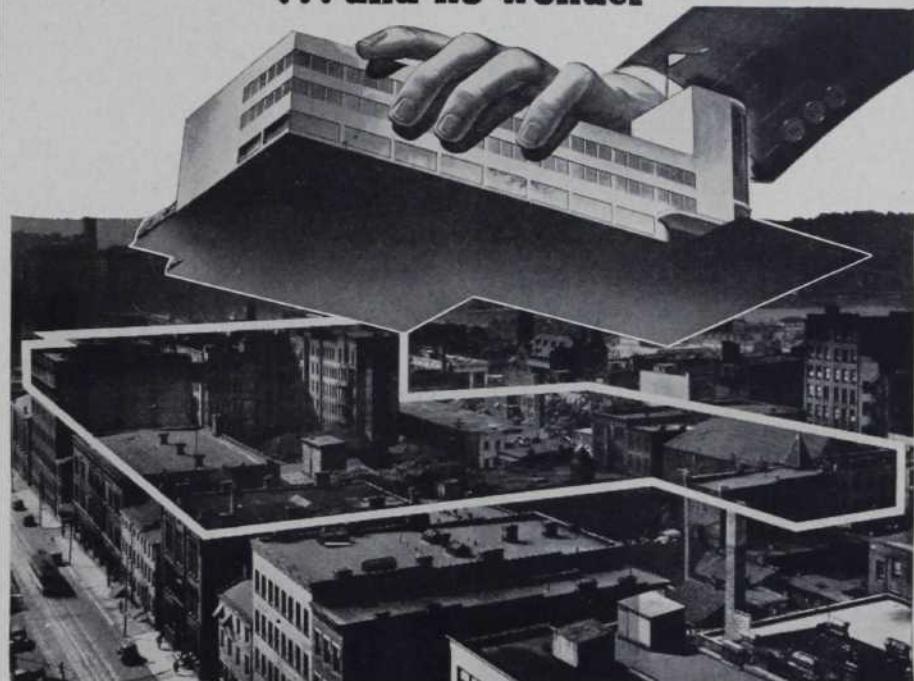
The company health cooperative for employees is not new and has attained considerable proportions.

All these are contributing something to distribution of health facilities and to actuarial experience. But most doctors will tell you that the real answer must come from the organized profession itself. Only in that way, they insist, can free choice of physician by patients and free competition among doctors be assured.

Business is Investing Millions

in Pennsylvania

... and no wonder



In one Pennsylvania city, a mercantile establishment has bought 2½ city blocks and will tear down 26 buildings to erect the biggest commercial building undertaken in this city in 10 years.

Months before the European War, Pennsylvania embarked on one of its great periods of industrial development. Here are some causes and effects of this business upsurge:

1. Over \$200,000,000 of industrial and utility construction—the largest in 1939 for any state. 1940's total may be greater.
2. 400,000 more private jobs than a year ago.
3. State relief down from \$2,000,000 a week in 1939 to \$1,091,000 a week—a decrease rate of \$46,000,000 a year.
4. Working time lost through strikes in Pennsylvania the lowest of the Middle Atlantic industrial states.
5. Economies in general expenditures of almost \$15,000,000 in the State Administration's first fiscal year.
6. The lowest per capita State debt of all the large eastern industrial states.
7. A Department of Commerce with broad powers to help business.

If you would like to know what this rich Pennsylvania market offers as a location for your factory or branch, write to the Department of Commerce, Harrisburg, for specific information.

Pennsylvania

where your business can expand



ARTHUR H. JAMES Governor • RICHARD P. BROWN Secretary of Commerce



His job might make him the hard-to-find individual... it might take him from one end of the building to the other... but with AUTO-CALL PAGING SERVICE he is only as far away as the nearest telephone. Help "that man" make his time more valuable with Autocall.

THE AUTOCALL CO.
201 Park Ave., Shelby, Ohio



SAVE TIME, SAVE MONEY
AND KEEP YOUR FLOORS



with the IDEAL ROTO SWEeper

This speedy, efficient power sweeper is ideal for sweeping large areas. Costs are cut in half. It can sweep from 36,000 to 45,000 sq. ft. per hour—does the work of several men with hand brushes. This modern sweeper assures much cleaner work than is possible with hand brushes or brooms. Works equally well on concrete, wood, tile, brick or asphalt.

The Ideal Roto Sweeper is equipped with fibre brush for regular sweeping—steel brush for grease removal also available.

This catalog will give you all the facts on this quicker, more economical and more efficient method of cleaning industrial floors. Write us today.

IDEAL POWER LAWN MOWER CO.
450 Kalamazoo St., Lansing, Michigan

Send me all the facts on the Ideal Roto Sweeper.



Name _____
Address _____
City _____ State _____

Strategy for Defense is to Decentralize

(Continued from page 28)

synthetic fiber industry, has been expanding rapidly in the southeastern and Gulf Coast states to take advantage of abundant supplies of raw materials, power and fuel, economical operating conditions and accessibility to markets. The petroleum industry has been the principal incentive for chemical manufacturing in the Southwest, providing raw material as well as markets. Sulphur mines in Louisiana and Texas supply this essential element to a large part of the world, and assure the most economical source of supply for the numerous chemical processes which depend upon sulphur.

West Virginia has been an important chemical manufacturing state for some time and recent expansions there are greater than new developments in many other places. The combination of minerals, fuel, power and convenient location makes West Virginia one of the most active centers for basic industries. In all this southern area, the paper making and synthetic fiber industries provide substantial markets for chemicals and experiments with the manufacture of alcohol, starch, plastics and other commercial chemicals from agricultural products indicate substantial developments to be added to future chemical operations in these sections.

The Tennessee Valley Authority is an outgrowth of the Muscle Shoals power plant and electro-chemical plant, built to make nitrates during the World War, but not finished in time to serve its original purpose. The Tennessee Valley area is rich in minerals. It joins the Birmingham district, already one of the country's three great steel producing centers. The power developed by the T.V.A. plants is now reported all consumed by municipalities, chemical, metallurgical and miscellaneous manufacturing plants. More power generating capacity will have to be installed to increase production of aluminum for defense purposes at the Alcoa plant. The Aluminum Company has a new plant at Mobile for processing imported aluminum ore on its way to Alcoa.

Something similar may be expected from the newer and larger Bonneville and Grand Coulee power developments in the Northwest even though different conditions prevail and commercial operations are more complicated. The use of electric furnaces for melting scrap steel in Portland, Ore., is an illustration of how these new power plants have already affected the industrial outlook in this region. Other government power developments in the Southwest will stimulate new industries.

New developments in the basic industries and government power projects, along with the tendency of industry to follow shifts in population, show more activity in the Pacific Coast, Gulf Coast and Southeastern states than in other parts of the country. The trend is decidedly toward decentralization, regardless of the defense program. This does not mean that all other sections are comparatively inactive.

On the contrary, the Middle West, North Atlantic and New England areas remain the most productive and most important industrial sections. Expansions and improvements in these highly developed districts account for more industrial activity than do the new plants elsewhere. The new plants are more important as showing the future trend, but the amount of money invested in new equipment and the number of persons employed are comparatively small. For example, the reemployment committee, headed by President Fuller of the Curtis Publishing Company, is credited with having found employment for 100,000 unemployed persons in Pennsylvania in the past year. The latent productive capacity of Pennsylvania alone exceeds the prospects of whole groups of states where industrial development is still in the initial stages.

The Pacific Coast has been acquiring new industries in proportion to its increase in population and commercial importance and because of its large local food, oil and timber resources. It was already a leader in airplane manufacturing, with the exception of engines and instruments, and now its airplane factories from Seattle to San Diego are expanding under the impulse of the defense program and foreign orders.

West stimulates aviation

THE new government aeronautical laboratory at Sunnyvale, Calif., and the concentration of the United Air Lines' repair, maintenance and research facilities at San Francisco, will encourage continued progress in aviation and affiliated industries on the coast. All the government and commercial shipyards are busy building ships for the merchant marine and the Navy. The new government power developments have created a tremendous surplus of hydroelectric power which will attract chemical and other large industries.

The manufacture of aluminum from imported ore and magnesium from local deposits are reported as definite electrometallurgical prospects. The growing of flax for fiber (instead of for seed) and the manufacture of linen has been under way in Oregon and Washington for some time. The European war has cut off this country's normal linen supply and created a new opportunity for this industry, which is reported to be expanding. There is already an important woolen textile industry in the same section.

The Southwest has big ideas about industrial opportunities and backs them up with action. There are six state-wide industrial development organizations in this section, four of them supported by taxation. Natural resources, increasing population, favorable climate and the will to grow are the principal reasons for good prospects for this territory extending from Missouri and Kansas through to the Gulf. Oil and sulphur have already been mentioned for their effect on the chemical industry in this area. Chemicals now made in the Southwest include soda ash, caustic soda, sulphuric, nitric

A new investment law... and a progressive one

ON AUGUST 22nd, the President of the United States signed into law an Act of Congress providing for the registration and regulation of investment companies by the Securities and Exchange Commission.

It is only natural that we should heartily endorse this legislation. The Commission invited Investors Syndicate and other investment companies to cooperate in its development. The new law represents the combined thinking of both the Commission and the industry.

We welcome this legislation; we welcome the benefits it will bring to our company and our contract holders; we welcome the benefits it will bring to the investment business.

As the largest investment contract company in the field, we are glad to inform all present and prospective holders of Living Protection Contracts that Investors Syndicate will conform with this Act:

INVESTORS SYNDICATE
Minneapolis, Minnesota

"COMFIT" ADJUSTABLE STEEL CHAIRS



GOOD SEATING 2000 Hours a Year!

• YOU SPEND a lot of time in your office chair. Why not be comfortable? Moreover, why not sit properly, erect—at the same time completely relaxed? Harter Comfit chairs are engineered to give proper weight distribution and back support, to make good posture easy and natural!

Chair shown is the Comfit Junior Executive, one of six great chairs in the famous Harter Comfit Line. Instant, simple adjustments, seat and back; foam rubber cushions; streamline styling; welded steel construction.

Modern steel chairs for every office and industrial need. Send for catalog today. The Harter Corporation, Sturgis, Michigan.

HARTER

Industry Can
Grow and Prosper
Here!

Jacksonville FLORIDA

Labor, banking, business and government are pledged to cooperate with new industry coming to Jacksonville.

Largest South Atlantic port ideally situated in relation to Southeastern and South American markets and raw materials. Fair taxes; no state sales or income taxes. Satisfactory labor supply. Ample, low cost water and power. Rail, air, highway and water transportation. Climate renowned for year-round living comfort.

On request outlining your problems, we will send a free, individualized survey showing Jacksonville's suitability for your plant, branch plant or sales office.

MAIL COUPON TODAY

INDUSTRIAL COMMITTEE
Dept. U. Chamber of Commerce
Jacksonville, Florida

Please send me your industrial brief on Jacksonville.

I am especially interested in (Fill in type of industry)

NAME _____

ADDRESS _____

CITY _____ STATE _____

UNUSUAL OPPORTUNITIES FOR THESE INDUSTRIES:
Kraft Wood Pulp and Paper... Wood Products... Glass
Ceramics... Rubber Goods... Chemicals... Aviation
... Wash Garments... Food and Tobacco Processors...
Citrus Packing... Meat Products... Paints and Varnishes

and hydrochloric acid, coal tar derivatives, hydrogen, chlorine, ammonia, alcohols, solvents and plastics. Chemical plants in Louisiana and Mississippi make starch from sweet potatoes and are possibly forerunners of others that will use agricultural products.

The oil refining industry has expanded with the local production of crude oil and this same industry also supports the local manufacture of steel barrels, tanks, tank cars and oil well equipment.

Tin cans are made in Houston for a growing food and fruit packing industry. The combination of glass sand deposits and natural gas in the same area insures glass-making operations which will increase with the requirements of the economical area of distribution.

Dallas has a new \$1,000,000 soap factory built by Procter and Gamble, who built a vegetable oil refinery there 15 years ago; also a new Standard Brands food products plant and large additions to the Ford assembly works as well as several of the storage battery plants.

Growth in manufacturing

THE Southwest will probably feel effects of the defense program in more ways than any other section regardless of the location of entirely new industries for defense purposes. Some of the surplus power from government electric projects in Missouri, Oklahoma and Texas will be used sooner or later for manufacturing purposes. The Missouri zinc industry will supply one of the essential elements for munitions. Plans for new shipyards on the Gulf and more work for existing yards are expected. The oil wells are vital to the Navy no less than to airplanes and other motorized army equipment.

Climate, topography and strategic position make this section favored for military training. The Army's largest corps headquarters, aviation and artillery schools have been in the Southwest for some time. New camps have been established at places too numerous to mention. The Navy has a new aviation base at Corpus Christi. The airplane industry at St. Louis and Wichita was well established before being stimulated by defense requirements, as indicated by important recent additions. The large new airplane plant now being built in Dallas confirms the advantage of manufacturing where climate and topography are so favorable to airplane experiments and training and where the distance from ocean coast lines offers protection from foreign invasion.

The industrial importance of the Southeast depended for a long time upon cotton textiles, tobacco, the Birmingham iron and steel industry and the Virginia shipyards, so far as manufacturing was concerned. North Carolina leads other states in the development of new and diversified industries, among which the manufacture of bromine from sea water at Wilmington is notable. Diversification has come in a large way with the new paper mills, furniture factories, chemical plants and synthetic fiber plants. In a smaller way, the diversification has been amplified by supplementary operations and manufacture of consumer goods.

Virginia's already outstanding posi-

tion in the synthetic fiber industry has been recently enhanced by a new plant at Pearisburg. The two great shipyards at Newport News and Norfolk and smaller ones on the Gulf and South Atlantic coast have added impetus to the Southeast's increasing industrial output. The new airplane factory at Nashville is primarily for commercial planes but will benefit from defense requirements. Larger Army, Navy and aviation activities will stimulate southeastern industry both directly and indirectly as indicated by recent announcements allotting camps to this area as well as powder and ammunition factories that are already under construction in Tennessee and Virginia.

The Mountain and West Central states are outside the active manufacturing zone except for a few important centers. This area exports raw materials and food to the more densely populated sections. Denver grew fast enough to be included among the 25 largest cities in the 1940 census. A general improvement in business rather than any outstanding individual developments is the explanation for prosperity in the Mountain City. The Army air corps school, established three years ago, has increased in size and importance. Other government departments have increased their headquarters facilities in Denver. The largest industries are oil refining, rubber goods, metallurgical operations and meat packing. The Colorado Fuel and Iron Co. operates the largest steel mills in the West at Pueblo.

Utah occupies the strategic position of a protected base of supplies for the Pacific Coast. A new explosive plant is under way at Spanish Fork and the Army supply and aviation bases near Salt Lake City and Ogden are so important that no announcements are made about the details of what is going on there although it is known that improvements are on a large scale.

Among the West Central states, Nebraska is planning another advertising campaign. Last year it featured Nebraska as the "White Spot," a state free from debt with consequent low taxes. No new industries are reported as a result of this advertising but the effect should be good and the example to other states inspiring. Like a reservoir of power or labor, a reservoir of credit will attract industry. The discovery of oil in Nebraska and the opening of the Missouri river to navigation above Omaha encourage industrial prospects. The discovery that many workers have left the state to find employment in airplane factories elsewhere indicates that the same kind of people might be available for some of the new inland munitions plants which might be located in this region.

Minnesota and Iowa, most active industrial states in the west central group, have reported no large recent additions to manufacturing facilities.

The East Central, North Atlantic and New England states produce the largest volume and greatest diversity of manufactured articles. Decentralization would mean a movement away from these industrial centers to other points within these states as well as a movement beyond to other states west of the Mississippi or south of the Ohio and Po-

tomac. Both of these movements can be traced, yet there remain more expansions and new developments in the Northeast than in the rest of the country.

Some of the principal reasons are that this section still includes more than half the population, the largest markets and the greatest number of persons who have had experience with either the operation or financing of industrial enterprises. Steel manufacturing, machine tools and automobiles, metal-working and most of the other industries requiring skilled mechanics have grown up in the Northeast. They have the largest pay rolls, the highest wage rates and the largest plant investments. Decentralization of these industries will be a slower process than in those like textiles or food products.

Depending on old plants

THE new plants proposed by the defense program are only in the western part of this northeast section, but it will take a year or two to build them. In the meantime, orders have to be placed where the work can be done and this is why most of the urgent armament items, except airplanes, but including airplane engines, have to be turned out in the northeast factories. The neck of the bottle is the machine tool industry, a large part of which is already in Ohio and Illinois, where it is free to expand indefinitely.

The Chicago district, Indiana, Ohio, West Virginia and the Pittsburgh district have been more active industrially as the volume of steel business has increased. Automobile and airplane parts form a large part of the business here and Cleveland alone reports 100 companies working on airplane parts for the Army, and more than \$50,000,000 worth of defense orders already received.

Michigan's automobile industry, which spreads out into Indiana and Ohio, is always so active that its large developments attract less attention than similar developments in other industries. Among these are large airplane engine production units to be operated by General Motors, Packard and Ford as well as a tank factory by Chrysler. These plants require highly-skilled workmen in large numbers and, for this reason, they will remain near the established automobile factories.

New England was the original industrial center of this country. It has retained its industrial leadership in skilled mechanical operations. In proportion to its population and its area, it reports more recent new industrial prospects than any other section. Diversified industries have replaced much of the loss sustained when parts of the shoe and textile industries moved away. This replacement continues and the result will be better and more balanced conditions in communities which formerly depended too much on a few industries. The New England Council has worked consistently and intelligently toward this end. It has worked steadily to locate new industries and promote the use of materials and manufacturing facilities found in that region. Additions to existing plants account for most of the recent expansions.

STAMP GRAFTING STOPPED IN CITY HALL

...not our headline, but
the local newspaper's



THE TAXPAYERS Ass'n was jubilant when a Pitney-Bowes Postage Meter was put in the City Hall. They knew that a Postage Meter would stop any misuse of postage. It does. Postage in a Meter is loss proof and tamper proof, isn't usable until it's printed, is cancelled when printed, and has no value except on the business mail of the Meter permit holder. The Meter automatically accounts for postage, invariably saves postage.

But what the taxpayers didn't know was that the Postage Meter makes mailing easier and a lot less work. Postage is *printed* and envelopes sealed by the Meter—far faster than stamps are stuck on and envelope flaps moistened separately. So the folks at City Hall have no more stamp worries, leaks or losses—finish each day's mailing earlier. And Metered Mail, already postmarked and cancelled, gets through the postoffice earlier. So the Postage Meter is a big help at City Hall, *or in any business!* There is a Pitney-Bowes Meter model for any size office, bank or City Hall. And a call to our nearest office will bring a demonstration in yours! Call soon!



The Postage Meter Co. 1317 Pacific St., Stamford, Conn.

IN CANADA: The Canadian Postage Meters & Machines Co.

PITNEY BOWES

Send me your illustrated brochure
 I'd like a demonstration

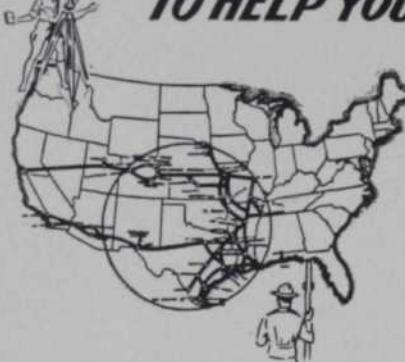
Name _____

Company _____

Address _____



WE'VE SURVEYED this TERRITORY TO HELP YOU



The Missouri Pacific Industrial Development Department is prepared to supply helpful information to industries considering plant expansions or seeking new locations in any of the eleven Central and Southwestern states served by Missouri Pacific Lines.

Competent engineers and technologists have studied raw materials, labor laws, taxes, transportation, markets, rate comparisons, warehousing facilities and other factors essential to the proper location of processing, manufacturing or merchandising establishments. Their findings are available for your use. Write for complete information —

J. G. CARLISLE
Director-Industrial
Development
St. Louis, Mo.

D. P. PACE
Land & Industrial
Commissioner
Houston, Texas



Many of the new factories such as the electric motors and plastic factories in Connecticut have no connection with defense, but the latter does account for unprecedented activity in machine shops, brass works, arsenals, shipyards and airplane factories. The government arsenals at Springfield and Watertown and private manufacturers of arms, ammunition and other equipment indispensable to the Army and Navy make this limited area one of the Government's most important sources of supply.

Natural industrial advantages

THE North Atlantic states lead other sections in population, financial influence, seaports and market distribution capacity. Industries move into and out of this district so frequently that only the larger movements attract attention. New York and Pennsylvania both extend from the Atlantic seaboard to the Great Lakes and share the industrial advantages of these two most active parts of the country. Pennsylvania is also part of the Ohio valley. No other states have comparable strategic advantages from an industrial point of view.

Extreme legislation and the activities of elements which prey on prosperous industry have reduced these advantages from time to time and the privileges accorded by nature have been abused but the old Keystone and Empire states find a way to stay in business at the same old stand. The defense program caused immediate increase of manufacturing activity in the North Atlantic states because the facilities were in place to make things most urgently needed. Baltimore was ready with one of the largest airplane plants, besides steel and copper plants, shipyards and extensive facilities for

the production of food and clothing. The great Eddystone arsenal near Philadelphia, which has been the Baldwin Locomotive Works since the World War, was ready to design and manufacture heavy tanks. Large shipyards all along the Coast were keyed up to make all types of ships for the Navy and merchant marine. Chemical and metallurgical plants, machinery and instrument factories, clothing and food producers, all combine to make this section indispensable for a large part of the supplies that will be needed. There will probably be fewer new plants than in other sections, but more additions and improvements to existing plants.

In the first six months of 1940, approximately 1,300 large industrial building projects were reported in the entire United States. Four states, with more than 100 items each, contained 40 per cent of these projects. They were in order, New York, Texas, Pennsylvania and Ohio. The next six states, with from 50 to 100 items and representing 27 per cent of the total were Illinois, Wisconsin, New Jersey, California, Massachusetts and Connecticut.

Among these 1,300 items, 91 are estimated to cost over \$500,000 each. Thirty of these are public utility power projects and 15 are oil industry projects. Of the remaining items, only eight are directly concerned with the defense program although shipyard extensions and airports could be added as primarily due to defense requirements and therefore not regarded as stable industrial developments. A government announcement describes defense production plants as divided into three classes; first, new plants such as powder factories which would not be needed in normal times; second, factory expansions to make prod-

Month after month,
and year after year,
Nation's Business
continues to be the
magazine most
wanted by
business men.

★ More subscriptions are bought,
more expirations are renewed,
more copies are read, than of
any other business magazine.

Dictators fatten on bankruptcy

Orval W. Adams, Executive
Vice President, Utah State
National Bank, Salt Lake City



"European people, the victims of regimentation, now realize the tragic truth—that a dictator is only a receiver for a nation gone bankrupt. The dictator's advent was made possible by economic exhaustion; treasury erosion; ruthless taxation. That was the terror. It was the demon of debt. A disregard for solvency. . . . It ought to be burned into the consciousness of every citizen that the first line of defense in a free country is a balanced budget."

ucts for which there would be an uncertain demand in time of peace; third, factory expansions to make extraordinary quantities of normal goods to meet government requirements.

The plan provides for plants in the first class to be built by the Government, but operated privately on a management fee basis. Plants in the second class are to have contracts on terms which will help raise the required capital. Plants in the third class are expected to be allowed to deduct the cost of expansion from taxable income on a five-year basis.

Developing inland areas

IN THE construction of new plants for defense purposes, emphasis is placed on inland locations to avoid vulnerable plant concentrations and to increase protection from air attack. It is intended to develop five strategic inland areas, each to be at least partially self-sufficient in arms production by having such industries as a small-arms plant, an ammunition plant and an airplane factory. The five divisions, so far only tentatively outlined are:

First, a strip starting with northern Indiana and running westward.

Second, a section including parts of four states centering around West Virginia.

Third, a strip starting with southern Indiana and running westward.

Fourth, eastern Tennessee and the inland areas of North Carolina, Georgia and Alabama.

Fifth, a section starting with western Tennessee and running south and west.

There have been unconfirmed reports that the Government would build more than 100 plants under this program. The exact location will be governed by the supply of labor and other essential elements, all of which may not be available at the best strategic locations. In other cases, there will be several places equally well suited and then it will be a question of which place can present its advantages in the most convincing way. The success of the current plan to place orders with existing plants and to expand present plants wherever practicable before building new ones, should reduce the number of new projects needed. This plan is working out particularly well with shipyards and airplane factories as anyone can tell who watches the news in these particular fields.

The Government's effort to encourage location of defense industries near government financed power plants and to distribute defense orders as widely as possible will exert a powerful decentralizing influence on industry beyond the immediate effect of the defense program. Preparation for national defense has served to illustrate the need for decentralization at the same time that it provides means for putting the theory into practice.

The trend toward smaller manufacturing units is another decentralizing influence. The movement will be slower than indicated by premature reports about many plants that never will be built, but prospects seem to be better than ever for the outlying places that can offer good locations for manufacturing plants.

GOOD BUSINESS NEWS

**Deficit Turns to Profit
With Change in Financing**

THE year ending July 31, 1938, found the management of HALLMARK MILLS* staring at a deficit of \$272,675. With net sales \$5,429,169, this was a discouraging showing.

Though it had at its disposal credit lines from local institutions, the availability of working funds seemed always to be impaired or impeded. So the company decided to take a radical step it had been considering, and change its method of financing.

Flexibility, convenience and promptness of action were the deciding factors in the switch to open account financing. To be able to determine at any given time the amount of cash required, and to get that amount promptly merely by discounting sufficient receivables, looked like the right answer.

The result is best told in figures:

	NET SALES	NET LOSS
Year to July 31, 1938	\$5,429,169	\$272,675
<hr/>		
Year to July 31, 1939	\$5,843,473	\$ 91,065
6 Mos. to January 31, 1940	\$3,911,269	\$121,819

And the president says: "... we made no mistake. Using hundreds of thousands of dollars continually, we find the flexibility and the absence of red tape particularly satisfactory. Getting cash as and when we need it operates to keep the cost down and permits using our working capital to capacity".

* * * *

How much of your capital is tied up in receivables . . . in raw materials . . . in finished inventory . . . in bank balances accumulating to meet maturing loans? It could be earning profits for you. Write today for our booklet, "Capital at Work", or the brochure, "Comparative Costs of Financing". Address Dept. "NB".

*A fictitious name, but the facts and figures, taken from our records, can be certified.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$60,000,000

Ends Should Meet

- (1) Your family's needs if you were to die and
- (2) Your life insurance to provide those needs.

The Prudential man will be glad to help you arrange a low cost program.



The Prudential
Insurance Company of America

Home Office, NEWARK, N. J.

THAT'S WHERE TO STAY IN ST. LOUIS!



★★★★★★★★★★★★★★

Your Automobile and Free Enterprise

A timely 24-page exposition of the growth of the motor industry as a symbol of American capitalism.

Reprints available at 10c each;
\$6 per hundred; \$50 per thousand. Write

NATION'S BUSINESS
WASHINGTON, D. C.

★★★★★★★★★★★★

Slamming the Door on the Small Investor

(Continued from page 19)
has been adversely affected. So have all small investors and beneficiaries of private trust funds. All of them will be more adversely affected if the present practice continues over a long period, as its effect in limiting the supply of suitable investments is cumulative.

There are \$23,000,000,000 of savings deposits in the United States held by 45,000,000 depositors. The assets of life insurance companies, other than the five companies that have been the chief beneficiaries of private placement, total \$15,000,000,000 and the policies of such companies are held by millions of individuals. College and university endowments total \$1,600,000,000; and private trust funds, charitable foundations, church endowments, pension funds, and hospital funds run to billions more. These figures make it clear that private placement has a definite bearing on the economic and social welfare of millions of persons. Although it is by no means the sole reason for the present low yields on securities, it has undoubtedly done much to aggravate that situation by reducing the supply of suitable securities available for purchase by the general run of investors.

That this question of low yields on investments is already serious is indicated by the appeal recently made by University of Chicago for \$12,000,000 of additional endowment funds. President Hutchins, in making this appeal, stated that the additional funds were needed because a 40 per cent reduction in the income from the University's regular endowment funds was resulting in an annual deficit of \$1,200,000. The \$12,000,000 he asked for was not to expand the University's equipment or services but merely to offset a contemplated ten-year

operating deficit under the University's present program.

If the discrimination against small investors that is inherent in the practice of private placement is to be stopped, certain changes or amendments must be made in the Securities Act of 1933. As the Act now stands, the Securities and Exchange Commission, which is charged with its administration, can do little about the matter. The S.E.C., however, in the interests of the small investors whose position it is supposed to protect, could suggest to Congress certain changes in the Act that would go far toward curing the present evil.

A cure with two parts

THIS could be done in two steps. The first would be to modify the registration requirements that so many corporations find so onerous. The second step would be to limit the size and maturity of transactions that could be effected without registration.

There is no question that the desire to avoid registration under the Securities Act has been an impelling reason in the decision of many large companies to sell their securities privately. The preparation necessary for registration takes two or three months in many cases for sizable companies. This requires the time of much of a company's senior personnel and seriously disrupts regular business. It also involves heavy expense for lawyers, accountants, and sometimes engineers as well. Frequently, registration requires the disclosure of contracts and other information that the management may not wish its competitors to obtain; and sometimes the officers and directors of a company are unwilling to assume the personal liabilities placed upon them

Business Creates Wealth and Jobs



R. Perry Shorts, President
Second National Bank & Trust
Company of Saginaw, Mich.

"Business men are adders and multipliers by occupation. Their business is to increase the wealth of the country—make more goods, more jobs, more prosperity for all the people. Politicians are subtracters and dividers. They produce no new wealth and are constantly promoting schemes for subtracting and dividing the wealth we already have."

by the Securities Act in connection with the registration statement.

Another great drawback to the public offering is that, even after the registration statement has been filed, the law requires a considerable hiatus before the securities can be offered. Until very recently this "paralysis period" was set by law at a minimum of 20 days. The securities, when they could finally be offered, might be completely unsalable because of changed conditions. Complaints regarding the 20-day forced-waiting period finally grew so numerous that Congress recently gave the S.E.C. the power to accelerate the effective date of a registration statement, at its discretion, whenever the Commission's study of the statement did not require a full 20 days.

This was a step in the right direction, but is by no means a complete solution to the problem of delay in public offerings.

Private placement of new issues avoids nearly all of the expense, effort, delay, uncertainty and liability of public offerings. Hence it is not at all surprising that many corporations in a position to place their securities privately should have chosen that method.

Price is a factor

THE question of price is another factor that enters into the decision as to whether an issue shall be offered publicly or privately. In the case of a private issue, the usual commissions to banking houses are substantially lowered or entirely eliminated, and some corporations have felt that this enables them to obtain through private sale a better net price than would be obtainable on a public offering. There is great question as to whether this is true. A corporation arranging a private sale can discuss the matter with only a limited number of potential buyers and must accept the price they offer. It is entirely possible that the price that could be obtained by offering of *all* investors would net the corporation substantially more, even after deducting an underwriters' commission.

After the objectionable features of present registration requirements have been eliminated or modified, the Law should also be amended to provide that all new security issues shall be subject to the modified registration requirements, except those for small amounts or having short maturities. For instance, it might be provided that the only issues to be exempt from the modified registration would be private offerings for any amount maturing within three years, or, if maturing beyond three years, for amounts not exceeding \$1,000,000. Such a provision would not interfere with truly private financing, either for small issues or for temporary financing in large amounts. Equal but unobjectionable registration requirements would then apply to all truly public financing, and all investors would have a more nearly equal chance to obtain the choicest investments.

It seems ridiculous that the Securities Act, which purports to protect the rights of all investors, should unwittingly turn out to be the very thing that has led to unfair discrimination against them.

DEATH SENTENCE for *Dirt*

by *Westinghouse*



• *Several years ago* one of the most interesting experimental devices in our research laboratory was one that acted like a magnet on smoke, dust and dirt in the air. Strange part about this electric device was that it worked just as quietly and free from moving parts as a storage battery. Yet in practically no time at all it would collect a jar full of dirt from air you'd declare was clean and pure.

• *Today*, that device is known as the Precipitron* and we're having a busy time filling orders for it. That's easy to understand once you appreciate that the great American smoke problem alone costs business, home owners and taxpayers millions of dollars each year. But smoke is only one of innumerable air-borne impurities such as dust, dirt, pollen and other substances.

• *The way the Precipitron rids the air of smoke is an interesting example of its practical efficiency and*

usefulness. Smoke is made up of particles so minute that a screen fine enough to catch them would not allow air to pass.

• *Yet the Precipitron takes smoke out of the air as if by magic. The principle employed is simple. Every incoming particle of smoke, dust, dirt, and pollen receives a positive electrical charge. Then a negatively charged plate, acting like a magnet on steel filings, draws these particles out of the air stream.*

• *We knew that there was a need for the Precipitron, but we hardly expected it would find so many uses as to open up an entirely new industry for us.*

• *For instance, in textile mills the Precipitron is removing smoke and soot from the air for the dryer and spinning rooms. In telephone exchanges it is protecting the tiny, delicate relays that operate the dial telephone system. In steel mills it is cleaning the ventilating air for main-drive motors and motor generator sets. In hospitals it is safe-guarding recovery wards and operating rooms.*

• *In all buildings where installed, it is reducing cleaning and redecorating costs. One store which used to repaint every year now finds it need do so only once every three years. Displays stay fresher; merchandise retains its original sales-appeal. Food-processing plants, chemical and testing laboratories find the Precipitron invaluable. Night clubs now boast of having cleaner air than that outside.*

• *Right now* Westinghouse Research Engineers are working on many other difficult projects. We hope a lot of things like the Precipitron will result.

Announcing the new liner "AWATEA" to Australia New Zealand

The fast new turbine-drive *Awatea* joins the distinguished *Aorangi* in a regular monthly service from Vancouver to Hawaii, Fiji, New Zealand, Australia. Connections at Honolulu from California ports. Approved for U.S. citizens. Your travel agent or Canadian Pacific: 41 offices in the U.S. and Canada.

*Canadian
Australasian*
TRAFFIC AGENTS
CANADIAN PACIFIC



Your desk chair can mean far more to you than a dozen suits, yet do you buy it with the same care? Whether you wear ready-made clothes or have them tailored, you, of course, insist on their being made to fit you.

Thousands of executives are likewise now having their chairs scientifically adjusted to fit. They have heard how much proper sitting helps to sustain energy, reduce chair tiredness, improve posture and efficiency.

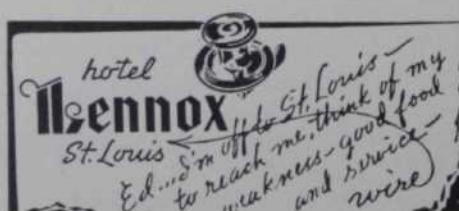
Do/More Triple Feature Chairs are designed to give you all these advantages. Every chair is adjusted to the occupant—to contribute to his comfort and well being. Until you sit in this unusual chair you will never know what it can do for you. When the heads of many of the nation's leading corporations prefer one particular make of chair, there must be a reason!

WRITE FOR THIS BOOK

We will gladly send a book giving you more in detail regarding office sitting habits and full information regarding DoMore. No obligation.

DOMORE CHAIR COMPANY, INC.
1107 Franklin Street, Elkhart, Indiana

DO/MORE



U. S. Department of Labor "Labor Review" to recent issues of which the author is indebted for much of his data.

Is Germany's "Secret Weapon" Work?

(Continued from page 22)

The execution of important State political tasks which cannot be delayed, must not be endangered by lack of workers. For the execution of such tasks the possibility must be afforded of drafting the inhabitants of Reich territory for work.*

Hitler early abolished all labor unions, the labor law of January, 1934, accomplishing this by a mere pen stroke. There was no important opposition since all labor leaders who might have resisted were either sequestered or thoroughly intimidated. However, this change does not seem so vital in the opinion of Dr. Gustav Stolper, formerly editor of *Der deutsche Volkswirt* and now an American citizen. He stated recently that the Nazis offered Germany a new creed and fanatical sacrifices but did not change essentially the German economic system. They simply increased the tempo by harnessing the machine to rearmament and by ruthlessly oppressing opposition. He writes, in his book, "German Economy 1870-1940":

Without the preparatory work of their predecessors, Hitler and National Socialism would not have been possible. The totalitarian regime of the Nazis is merely the climax of the expansionist tendencies and responsibilities of governmental power of the destinies of the German people.

However it might have been in order or not, the labor unions became a part of the State and a "Labor Front" consisting of both workers and employers, replaced them. This, in the beginning, was a paternal get-up, something like a shop family, let us say, in which the employer was the head as shop leader with the workers as followers and advisers, all within the chaperonage of the State.

This early "front" was not particularly harsh upon workers. It perhaps limited the employer more than his labor. For that reason it did not serve Hitler's purposes, particularly in view of the necessity of accelerating the production of armament, military roads, fortifications and naval units. The Fascist policy cannot hazard such production with the usual labor complications typical of free nations. Accordingly Nazi decrees put labor more completely under the Government.

Farm workers first felt the pressure in May, 1934, when they were prohibited from migrating or engaging in other work. A year later "job" passports were required of all workmen. These prevented migration of workers to new jobs or districts except as the State desired. In 1936 still more restriction was put upon any movement of workers except at State direction. At that time decrees were issued making it mandatory for all men with experience in certain crafts to return to jobs in those trades. All advertising for workmen by employers was forbidden and labor supply became thoroughly a governmental function.

Accompanying these increasingly op-

pressive measures, however, was almost complete employment for every one together with a vast vacation plan under government auspices and expense and other paternalistic sophistries that compensated, at least in the German workers' minds, for their loss of job freedom. There was some grumbling, of course, but no serious resistance.

By 1938, additional decrees fixed labor even more rigidly in place. Apprentices had to obtain government consent to enter an industry and all young people who had finished schooling in any degree from elementary to university, had to register with local labor offices which were given increased bureaucratic powers. Voluntary labor for the Government for short terms was enforced upon all Germans whether citizens or not. These drafted workers came mostly from non-technical industries and were used for road, fortification and other military works.

Forced labor is used

FINALLY, in 1939, forced labor of the German population became a permanent policy of the Reich. Other regulations at the same time brought the German people and economy completely under absolute state control, including the extension of forced labor upon all young women, 300,000 to 400,000 of whom were required to serve annually as domestics, farm workers or as nurses. Here was a regulation that American housewives, brought to tears by their servant problems, could well ask our own Government to put into effect. This particular decree was enforced upon all classes of young women, rich and poor alike, and resulted naturally in tremendous hullabaloo from the upper class girls who were forced into fields or strange homes. One interesting result was that, after their year's labor, many of them came home with a vastly different outlook on the servant problem. Wages of these drafted workers were fixed by law and, if they had dependents, these were "adequately" cared for by the state.

Naturally this question of wages had not been neglected in all these regulations. The Nazi Government recognized the necessity of increasing production and at the same time keeping costs down. Wages constituted 20 per cent to 50 per cent of armament costs. They were not raised for good work but various incentives were offered for increased production, some of these being taken boldly from the Soviet system. Labor "titles," special vacations and increased liberties were bestowed in lieu of wage bonuses.

In 1938, the Government gave itself power to fix not only the minimum wage, but the maximum as well and set the latter somewhat under those previously in effect. Upon the declaration of war in September, 1939, *Kriegslöhne* or war time wages went into effect which were even lower. The scales were worked out in tremendous detail characteristic of

German officialdom, and took into effect the worker's age, sex, marital status, experience, skill, length of service, race, his status as a citizen, resident, exile, war or political prisoner, the price of food and shelter in the area concerned, distance of the job from his home and so on. All these were considerations that would seem of little importance to an underfed, overworked, underpaid mechanic prisoner of the State.

Some typical *Kriegslöhne* wage scales follow. They vary somewhat from province to province. Marks are translated to dollars at the rate of 40 cents.

BAKERS: most skilled and experienced, in highest wage locality, \$13 a week.

BAKERS: least skilled, helpers, 14 to 16 years old in lowest wage area, \$2.80 a week.

TRUCK DRIVERS: 54 hours a week, highest wage locality, \$12.20 a week.

SALES WOMEN: five years' experience, highest wage area, \$32 a month; one year experience, lowest wage area, \$18 a month.

BUTCHERS: first class, highest wage locality, \$13.20 a week.

FARM HANDS: over 21, living with farmer, \$8 a month.

CANNERY WORKERS: skilled, over 23 years, 26 cents an hour.

SHEET METAL WORKERS: skilled, highest wage area, 30½ cents an hour.

CARPENTERS: skilled, highest wage area, 31 cents an hour.

MACHINISTS: skilled, highest wage area, 29½ cents an hour.

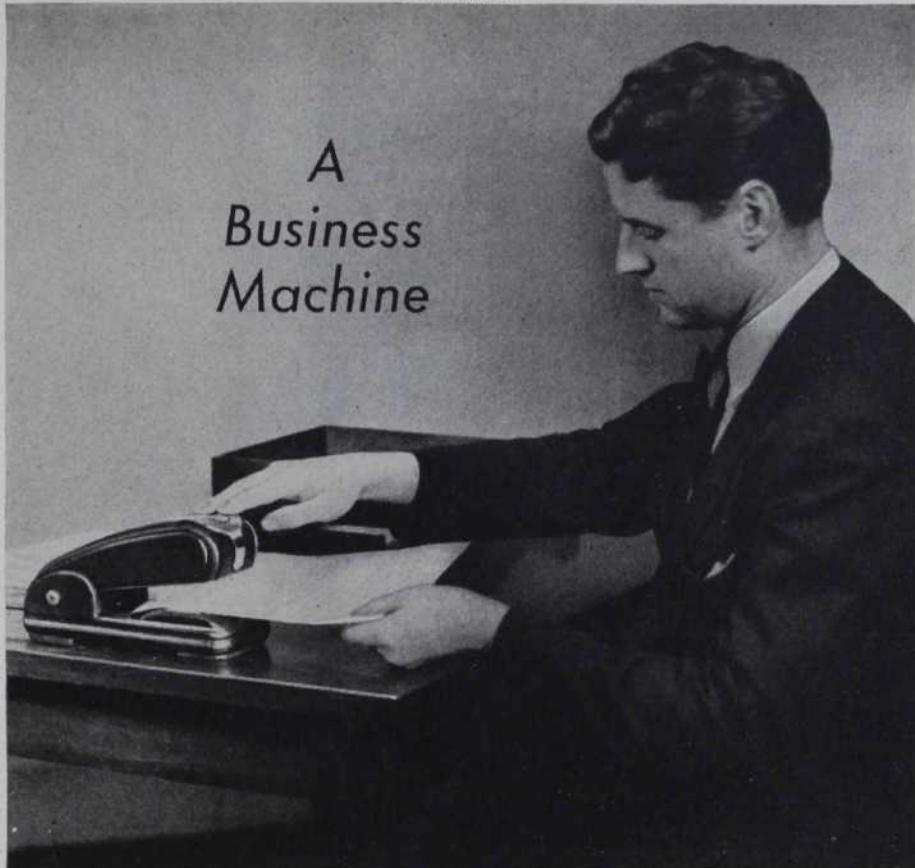
The extent of Germany's ability to produce armament at low cost is shown by these rates. The work week went up to 60 required hours when the war started, with the pay for skilled mechanics at about \$17.50 a week. An American mechanic upon government orders for ships or planes for the same hourly week would receive almost \$100 in straight pay and overtime. Union building mechanics in New York City upon emergency war work at present would receive, in many trades, \$60 for 30 hours' work in the week and for the additional 30 hours' overtime (as at the World's Fair) another \$90 making a total of \$150 a week against the German workman's \$17.50.

Plans to cut wages

THESE German wages, although extremely low, were still an item of productive cost and, with the experience of the compulsory labor battalions before them, Nazi bureaucrats began to suggest that, under a totalitarian system, it might be possible to forego wages altogether. There was serious discussion just before the War that civilian workers, for the most part, should be reduced to the category of soldiers in the army. The State would feed, clothe, train, educate and provide recreation for all workers, giving them only nominal wages per month regardless of time worked. In fact, in January, 1939, Hitler stated the necessity for the civil community to undergo the same discipline and control as the soldiery. The extent to which this idea had developed before the War is indicated by the fact that 40,000,000 German citizens were being fed publicly in communal kitchens in the army, labor ser-

Advertisement

A Business Machine



Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building, 590 Madison Avenue, New York, N.Y.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities.
The offering is made only by the Prospectus.

NEW ISSUE

October 9, 1940

\$108,000,000

Southern California Edison Company Ltd.

First and Refunding Mortgage Bonds

Series of 3s, Due 1965

Price 104% and accrued interest

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed:

The First Boston Corporation

Harris, Hall & Company
(Incorporated)

E. H. Rollins & Sons
(Incorporated)

Blyth & Co., Inc.

Harriman, Ripley & Co. Lazard Frères & Co. Smith, Barney & Co. Halsey, Stuart & Co. Inc.

Mellon Securities Corporation Dean Witter & Co. Glore, Forgan & Co. Goldman, Sachs & Co.

Kidder, Peabody & Co. Lehman Brothers White, Weld & Co. Coffin & Burr
Incorporated

Stone & Webster and Blodget William R. Staats Co. Pacific Company of California

You can get a
BINDER
 for your copies of
NATION'S BUSINESS
 for only **\$1**

AN inexpensive way to bind your copies of **NATION'S BUSINESS**. This binder is strong, practical and simple to use. No punching or marring of the magazine is necessary. A click and the copy is in. Any issue can be removed without disturbing the other copies. Holds twelve issues. Send your order today to **NATION'S BUSINESS**, Washington, D. C.

vice, factories, training schools and camps. Bad off as German labor had been before September, 1939, the declaration of hostilities led immediately to the most rigid control of workmen and women ever known in the modern world. On September 3, decrees establishing the *Kriegsverpflichten Wirtschaft* or "wartime armament duty economy" went into effect. Wages were lowered, working hours were increased up to as high as 16 a day, workers could not leave certain areas, 50 per cent of them were put into barracks adjoining the factories, no free speech or criticism of conditions was permitted, and all overtime wages were paid back into the state treasury. Thus Germany achieved a production of armament exceeding anything that had been done previously. But of course, it could not keep up.

Grinding down labor

VACATIONS were stopped, and for 24 hours a day the machines and their tenders were kept busy. No man, woman or child in Germany was permitted leisure. All were put to work and ten hours was the minimum work day. That was only for the hardest work, lighter jobs ran 12 to 16. In some cases no hourly term was set so that it was not possible to pay even the theoretical overtime which went back to the State. All demands from labor and employers for changes in this terrible slave trade were sternly prohibited. They were permitted only to give advice as to how production might be speeded up still more, and there were plenty of party heels, ready with suggestions. If a plant or factory was forced to slow up because of lack of raw materials or other reasons, the workers were immediately transferred elsewhere.

This severe regimentation of labor brought a spurt of production for a few months but the inevitable aftermath of such long working hours, intense occupation and undernourishment followed quickly. The facts are taken from an official German governmental report of March 5, 1940, "Six Months of the War Social Policy," carried partly in the June *Labor Review* of the U. S. Department of Labor:

Production fell off rapidly accompanied by such an alarming increase of industrial accidents and stoppages as to attract the serious attention of the German authorities. As to how much the loss of efficiency and increase of industrial accidents were due to intentional sabotage by the workers, how much to their exhaustion from speeding up and undernourishment, and how much to the worn out industrial machinery no information is available.

The saboteurs could well figure that damage to a machine might give them a day or two of leisure before they could be transferred. They were dealt with speedily and with the utmost severity. Exhaustion of the workers could not, however, be punished and it became necessary for the Reich to modify the rules. In view of the Spartan demands which the Nazi control forces upon its people, the fact that labor measures were softened must indicate an alarming exhaustion of the workers.

The working day was set at ten hours and shorter hours were permitted in heavy work. Overtime started for the eleventh hour and the workers were given this overtime pay to keep. Vacations were restored to workers under some limitations so they could recuperate. The food rations were presumably not found sufficient because they were increased for those on heavy and night work. Obviously from this official admission, the German worker had been on decidedly insufficient rationing, a fact that Nazis have consistently denied.

Other sources of information indicate that German production, as far as Germany itself was concerned, has passed its peak with probable exhaustion of workers. Great Britain found itself in the same position in August when the Labor Ministry reported that excessive overtime was retarding, rather than increasing, the production of munitions. Hours, running as high as 78 a week in instances, were to be drastically cut and deficiencies in available workmen were to be made up by more intensive use of women. The British experience was based upon only a few months of such exhausting use of labor, not years as in the Reich.

There was evidence in the early summer that certain German war material was inferior to that found in use early in the War, and an increasing number of German "dud" bombs are being dropped on Great Britain; but it would seem to be a very long time before Germany will be at the point it was late in 1918 when the battle hillsides in France were covered thick with German duds, one army officer estimating 60 per cent of all German shells were defective.

The exhaustion of men and machines in Germany cannot become too serious until the resources of France, Holland, Belgium and Italy are used up. Already workmen from those countries are being seduced to enter German factories. Truck loads, train loads of machinery are being carried across the old frontiers from the occupied regions.

Reports dated late in July from Holland state Germany has already "offered" work in Germany to tens of thousands of Dutch workmen and mechanics now idle and that those who refuse will be excluded from the Dutch dole. Failing to obtain sufficient skilled volunteers, the Nazis will not hesitate to conscript enemy labor by force. Hitler himself in his speech of July 19 this year indirectly goes into this possibility when he states:

Besides there are the possibilities presented by the acquisition of inestimable spoils and the exploitation of territory occupied by us. In these spheres of economic interest controlled by Germany and Italy, we have 200,000,000 persons, among whom we can call on 130,000,000 for military man power while more than 70,000,000 are engaged in purely economic activities.

The close accord between the two dictator countries of Germany and Italy in connection with man power is indicated by an August 5 dispatch from Rome which stated that the sending of 20,000 skilled Italian industrial workers to Germany in August will bring the total number of such workers to 76,000. Italian cooks are sent with them to

avoid difficulties that were first encountered with German food. It must be admitted that this account does not quite fit into the picture of vast numbers of workers being available from the occupied regions of France, Belgium and Holland. However, the idea of using Italian workmen in Germany was started in 1938 and the August quota may be the last.

If we are to judge from Hitler's words in his July 19 speech, Germany today has ample supplies of munitions. Ammunition, he stated, was in such amount, that limitations in production were necessary because of lack of storage space. This is probably correct as the short campaigns in France, Poland and Belgium did not use up much material. Germany's whole productive effort can now be turned to planes, and their armament, long range guns, submarines and torpedo boats and special equipment for the invasion of England or even for the waging of war against the United States.

A continental arsenal

THE vast arsenal facilities of the invaded nations can be put to work to replace German machine tools and German war material and millions of French, Dutch, Czech and Belgian workmen will work in these factories rather than starve.

Can any one believe that the Nazi war machine will not exploit the invaded countries and that production of war equipment cannot go ahead under its ruthless labor system far beyond what Britain and the United States can produce within the next year?

Here in America our manufacturing processes and stream line production are vastly superior to French and British methods, and always have been. In 1917 when we started to manufacture French 75 mm cannon, we cut down the rifling time per gun from 40 hours to two hours with almost corresponding decreases in time and effort on every piece of foreign equipment we built, including gun sights, an item particularly produced in France and Germany. There is, however, doubt that we hold any such superiority to Germany, certainly not in sufficient amount to compensate for our much higher labor costs. Our military advantage lies in distance, in so far as German ships and planes for an attack against us would need power and stamina much greater than the German specifications for the present European war requirements. Gasoline supply itself is a tremendous factor as would be replacement parts and ammunition.

To many observers it seems that any struggle we may have with Germany may well not be a military one but one of economics. Hitler must replace his present armament production with peace time manufacture when he gets peace. He has so proclaimed. In either case, whether he continues to fill his factories with munition orders to attack us, or with orders for automobiles, typewriters, agricultural machinery, electrical apparatus and steel rails for world consumption, his forced labor system with reasonable daily hours will provide us with a serious problem.

Hasn't this been going on long enough?



Back in 1840. Great Grandpa Abner Grigsby had a male secretary who took down his dictation with a new-fangled system of pothooks. Grandpa allowed it wasn't a very good arrangement. The secretary couldn't really do much to help him and protect him from interruptions while he was sitting there taking dictation. Both of them were bothered continually, and work was held up.

Today old Abner's grandson has inherited the business—now modern in all respects but one. He is still struggling with antiquated two-person dictation! Isn't it time the Grigsby Co.—and a lot of other businesses—decided to drop old-fashioned ways? Once they sample the convenience and the time-saving ease of the Dictaphone method, they're seldom satisfied with anything else.



TODAY Dictaphone is helping thousands of busy executives to do the things that *need* doing—*when* they should be done! For this modern dictating machine adjusts itself at once to immediate needs. It enables executive—and secretary—to do *more* with less effort . . . and to carry jobs through with fewer interruptions. That's the modern way—that's the Dictaphone Method. See the new Dictaphone movie, "What's An Office, Anyway?" which shows how Dictaphone speeds up office routine. Or try Dictaphone yourself. Movie or actual test . . . there's no obligation on your part. Just clip the coupon—and mail it today.

DICTAPHONE

DICTAPHONE CORPORATION, 420 Lexington Avenue, New York, N. Y.

In Canada — Dictaphone Corporation, Ltd., 86 Richmond Street, West, Toronto

N. B.-13
The word DICTAPHONE is the Registered Trade-Mark of
Dictaphone Corporation, Makers of Dictating Machines
and Accessories to which said Trade-Mark is Applied.

Please arrange to have your representative show me the new Dictaphone movie.
 I should like to see and try the new Dictaphone Cameo without obligation.

Name.....

Address.....

IT ADDS and SUBTRACTS

VICTOR'S **NEWEST** PORTABLE

"Where you need it,
when you need it"



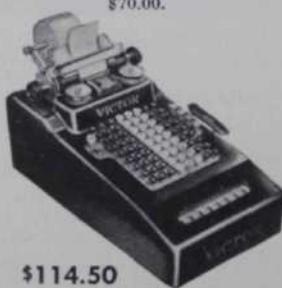
\$47.50

Victor's famous "straight" portable adding machines in full keyboard, three capacities—\$47.50; \$55.00; \$70.00.



\$47.50

Victor's ten-key "straight" portable adders in three capacities—\$47.50; \$55.00; \$70.00.



\$114.50

Victor Electrics have served business for 22 years. Capacities for all types of figure work—\$114.50 up.

\$79.50

WITH DIRECT
SUBTRACTION

Business, here's your answer! Addition and *direct subtraction* in a rugged, portable adding machine at a startling low price—a Victor triumph, climaxing 22 years of engineering leadership. Now you get the same speedy, quiet, steady, easy-operating performance we build into the famous Victor "straight" portable adder... *plus* all of the latest developments in adding machine improvement. You'll marvel at the figure operations this machine can handle... quickly... efficiently... for every business—large or small. See it perform. Phone your Victor representative today for a demonstration. Or write Victor Adding Machine Co., Dept. N-11, 3900 N. Rockwell Street, Chicago.

Index of ADVERTISERS

November • 1940

	Page
Addressograph-Multigraph Corporation	60-61
Air Transport Association of America	62
Allentown, Pennsylvania, City of	76
Aluminum Company of America	3rd Cover
American Credit Indemnity Co. of N. Y.	63
American Cyanamid Company	51
American Telephone & Telegraph Company	2nd Cover
Armstrong Cork Company	65
Association of American Railroads	14
Autocall	78
Autopoint Company	64
Burgess Battery Company	74
Burroughs Adding Machine Company	29
Butler Manufacturing Company	72
Canadian Pacific Railway Company	86
Carlton Hotel	76
Cast Iron Pipe Research Association	8
Chicago Watchclock Corporation	76
Coca-Cola Company	92
Commercial Credit Company	83
Cyclone Fence Company	68
Detex Watchclock Corporation	56
Dictaphone Corporation	89
Do/More Chair Company, Inc.	86
Ediphone, The Thomas A. Edison, Inc.	71
Ethyl Gasoline Corporation	52
Fairbanks, Morse & Company	2
Felt & Tarrant Mfg. Co.	37
First Boston Corporation, The	87
Ford Motor Company	6
Fruehauf Trailer Company	57
General Motors Corporation	40 & 41
Goodyear Tire & Rubber Company	12
Harter Corporation, The	80
Hartford Steam Boiler Insp. & Ins. Co.	9
Household Finance Corporation	48
Ideal Power Lawn Mower Company	78
Illinois Development Council	10
International Business Machines Corp.	87
Investors Syndicate	79
Jacksonville, City of	80
John Hancock Mutual Life Insurance Company	91
Kimberly-Clark Corporation	33-34, 70
Lenox Hotel	86
Loose-Wiles Biscuit Company	88
Lumbermens Mutual Casualty Company	49
Mayfair Hotel	84
Metropolitan Life Insurance Company	31
Missouri Pacific Lines	82
Monroe Calculating Machine Company	73
National Board of Fire Underwriters	45
Nation's Business	74
Nebraska, State of	55
Norfolk & Western Railway Company	7
Package Machinery Company	11
Pennsylvania, Commonwealth of	77
Plymouth Motor Corporation	1
Postage Meter Company, The	81
Prudential Insurance Company	84
Pullman Company	3
Reynolds, R. J. Tobacco Company	4th Cover
Sealtest, Inc.	4
Seaview Lodge	74
South Bend Lathe Works	67
Standard Accident Insurance Company	69
Texas Company, The	39
Underwood Elliott Fisher Company	75
Victor Adding Machine Company	90
Western Electric Company	43
Westinghouse Electric & Mfg. Company	85
Wilson Mem Index Company	88
Woodstock Typewriter Company	88

VICTOR ADDING MACHINES



THIS booklet is intended to give you a picture of the subject of Group Life Insurance, its benefits to your employees and yourself, and how it operates. Illustrated with a typical plan, it shows how little it costs to help employees secure life insurance protection. If you have more than 50 employees you will find interesting information contained in this booklet. For your copy address the John Hancock Mutual Life Insurance Company, 197 Clarendon Street, Boston, Mass.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS
GUY W. COX, President

FAMILIAR ACTS THAT MARK A BETTER WAY OF LIVING

You read
the News
"or
hold this
well-known
Glass



You read your newspaper to get the news,— and you get it. You drink ice-cold Coca-Cola to get delicious refreshment,— and you get that. You are not concerned at the moment that it took a lot to make your newspaper the instrument of service that it is, or that it took a lot to make Coca-Cola the convenient everyday refreshment that it is.

Of course, Coca-Cola was fortunate from the beginning. It was

"right"... in taste and in its refreshing effect. It had "quality" and it has never lost it. Through the years more and more people discovered it. This public acceptance took Coca-Cola from one soda fountain in Atlanta in 1886 to more than 100,000 soda fountains in 1940. Then just at the turn of the century somebody said, "Let's put it in bottles, too." The result: today, over a thousand plants throughout the coun-

try bottling Coca-Cola. Then came the familiar red coolers, then the famous six-bottle cartons, and the well-known red fountain dispensers.

And it all adds up to one thing. Putting the drink you like, *where* you can get it *when* you want it. But it never could have happened if you and millions like you hadn't made *the pause that refreshes* with ice-cold Coca-Cola a part of American life.



COPYRIGHT 1940, THE COCA-COLA COMPANY

Your desire for its quality and years of work have made Coca-Cola the drink everybody knows... and have made *the pause that refreshes* America's favorite moment.



AMERICAN BUOYS ARE NOW TALLER; ALSO BRIGHTER

A buoy is a lantern on a tower on a floating can. The bigger the lantern, and the higher the tower, the better the buoy. You see it easier, farther.

So the buoy experts set out to see what they could do about that with Aluminum.

They had two facts to work with. One fact was that certain strong alloys of Alcoa Aluminum are resistant to sea-water corrosion. And the other was, and is, common knowledge: Aluminum weighs only one-third as much as traditional structural metals.

So the buoy experts figured out that a three-burner lantern of Aluminum ought not to weigh much more than a single-burner lantern of heavy metal. And they built the big lantern and they were right.

And that led them to figure on the tower, itself. They concluded that by changing to Aluminum they could safely increase the height of tower from 16 to 25 feet, giving another mile or so of visibility. They built the tower, and they were right about that.

Then they let the buoy ride the waves off Charleston for three years, and they were still right. Now they're building buoys of Alcoa Aluminum, in dozen lots.

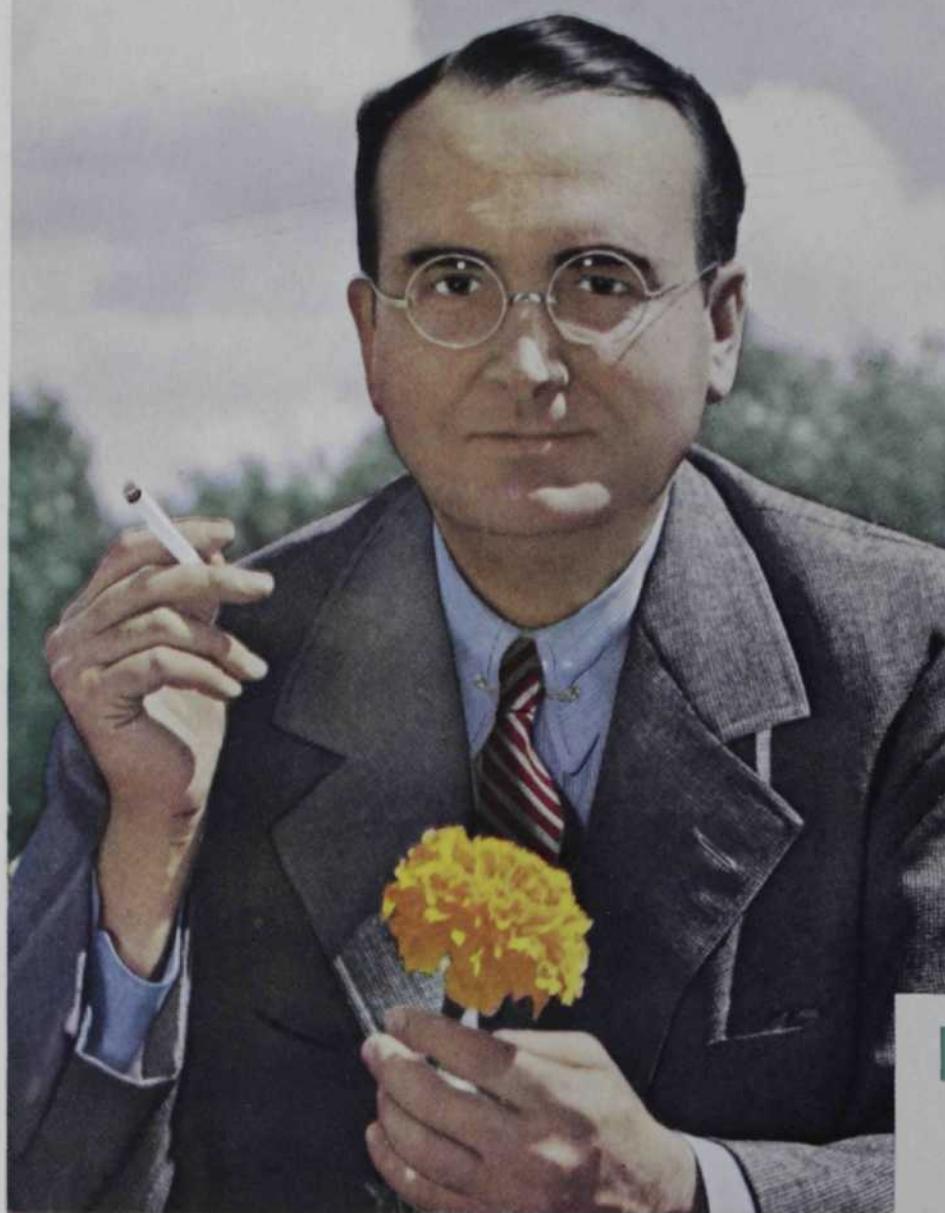
And that's all there is to the story.

Except the moral: There's nothing mysterious about using Alcoa Aluminum profitably. It is just a matter of fitting the facts to your own problem. Aluminum Company of America, 2125 Gulf Building, Pittsburgh, Pennsylvania.



ALCOA · ALUMINUM

A MAN WITH EXTRA PATIENCE



Copyright, 1940, R. J. Reynolds Tob. Co., Winston-Salem, N. C.

"YES, THOSE **EXTRAS** IN SLOWER-BURNING CAMELS COUNT WITH ME. CAMELS ARE EXTRA MILD AND COOL. THEIR FULL, RICH FLAVOR ALWAYS HOLDS A FRESH APPEAL FOR ME."

David Burpee
President, W. ATLEE BURPEE CO.

GET THE "EXTRAS"
WITH SLOWER-BURNING
CAMELS

THE CIGARETTE OF COSTLIER TOBACCO

MASTER SEEDSMAN,
DAVID BURPEE

Once in a million times he gets that certain extra quality in a flower. But in his cigarette he gets the extras every time with slower-burning Camels

HE follows springtime up and down the continent, shuttling precious seeds and plants by air to kaleidoscope three generations of flower life into less than a year. Even then, it took him years to get a marigold with odorless foliage ("Burpee Gold," shown at left)...even longer to get his amazing new "Wildfire" marigold.

But every time David Burpee lights up a cigarette, he knows he's going to get mildness, coolness, and flavor—with that extra measure of each that makes such a difference to the critical smoker.

For he smokes *costlier tobaccos* matchlessly blended into a cigarette that is slower-burning...free from flavor-dulling heat and the irritating qualities of too-fast burning. Yes, he smokes Camels. Try Camels yourself. Enjoy the extras—including extra smoking (see below).

EXTRA MILDNESS
EXTRA COOLNESS
EXTRA FLAVOR

In recent laboratory tests, Camels burned 25% slower than the average of the 15 other of the largest-selling brands tested—slower than *any* of them. That means, on the average, a smoking *plus* equal to

**5 EXTRA SMOKES
PER PACK!**

